

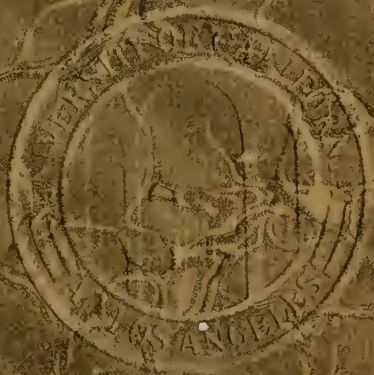
HF  
2095  
M74t

AA0010086130



UC SOUTHERN REGIONAL LIBRARY FACILITY

MONEY — THROUGH PREFERENCE TO PROTECTION





THE LIBRARY  
OF  
THE UNIVERSITY  
OF CALIFORNIA  
LOS ANGELES



AMINOGLUCOSE VIBRI  
CELLULOSE 20.1 TA  
YF&F&F



# THROUGH PREFERENCE TO PROTECTION.

*An Examination of Mr. Chamberlain's  
Fiscal Proposals.*



By L. G. CHIOZZA-MONEY.

Author of "BRITISH TRADE AND THE ZOLLVEREIN ISSUE."

AUGUST, 1903.

Published by the **FREE TRADE UNION,**

8, VICTORIA STREET, WESTMINSTER, S.W.

Printed by TAYLOR, GARNETT, EVANS, & Co., Ltd., London, Manchester, and Reddish.



HF  
2045  
M742

## CONTENTS.

	PAGE
I. Introductory .....	5
II. The Fear of Imports : Food and Liquor .....	9
III. The Fear of Imports : Materials, Raw and Other .....	13
IV. The Fear of Imports : Manufactured Materials and Plant, Domestic Materials .....	16
V. The Fear of Imports : Luxuries, Miscellaneous Articles—a Summary	21
VI. How We Pay for Our Imports : The Payment by Goods.....	24
VII. How We Pay for Our Imports : The Payment by Services .....	28
VIII. Ties of Interest : The Taxation of Food and Materials .....	31
IX. Ties of Interest : Where British Trade is Done. ....	39
X. Ties of Interest : The Possible Gain in Colonial Markets .....	47
XI. The Special Case of America .....	53
XII. A Counting of British Heads.....	56
XIII. The Dumping Bogey .....	58
XIV. Ships and Shipping .....	60
XV. Retaliation .....	63
XVI. High Wages and Low.....	66
XVII. A Summary and Conclusion .....	70

---

*The Author gratefully acknowledges the assistance of Miss F. L. Westwood in the preparation of the statistical tables in this work.*





# Through Preference to Protection.

## CHAPTER I.

### Introductory.

IT is now more than ten years since Protection put off its unsuccessful disguise of Fair Trade and made an appeal to Imperial sentiment by assuming the garments of a Zollverein or Customs Union. It was, however, not a true British Imperial Zollverein which was advocated—not a Customs Union of the German pattern, with a total abolition of internal barriers, and duties against the world outside it, but that pale shadow of a Zollverein—a scheme of preferential trading. The idea of the “Preference” is that each part of the Empire should remain an independent fiscal unit, and levy such duties for revenue or Protection as may seem good to it, but should relax them in part in favour of the rest of the Empire, thus taxing foreign goods on a higher scale than British goods. To a self-governing Colony like Canada, with a protective tariff, it is easy, if not agreeable, to put such a scheme into operation—the machinery exists, and it is only necessary to determine the reduction to be given to Imperial products. For the United Kingdom to favour Colonial goods at the expense of foreign goods entails an entire reversal of our fiscal policy and the abandonment of Free Trade.

We are at once confronted with the fact that Imperial reciprocity demands two strongly contrasted sacrifices. It demands of us in the mother-country that we should sacrifice Free Trade. It demands of the Protectionist Colony that it should sacrifice Protection against the chief competitor of its manufacturers, the United Kingdom.

Mr. Chamberlain realised these points very clearly when in March, 1896, at a meeting of the Canada Club, he intimated that he could only consider the question of import duties against the foreigner if our Colonies opened their ports to British goods, not merely giving us a reduction of duties, but Free Trade. In other words, he was willing to consider a true Zollverein; he was not willing to discuss a scheme of Imperial reciprocity.

A few months later, in November, 1896, the Colonial Secretary made his position even more clear. He said :

This proposal (for Imperial reciprocity) requires that we should abandon our system in favour of theirs, and it is in effect that while the Colonies should be left absolutely free to impose

what protective duties they please both on foreign imports and upon British commerce they should be required to make a small discrimination in favour of British trade, in return for which we are expected to change our whole system, and impose duties on food and raw material. Well, I express again my own opinion when I say that *there is not the slightest chance that in any reasonable time this country, or the Parliament of this country, would adopt so one-sided an agreement.* The foreign trade of this country is so large, and the foreign trade of the Colonies is comparatively so small, that a small Preference given to us upon that foreign trade by the Colonies would make so trifling a difference—would be so small a benefit to the total volume of our trade—that I do not believe the working classes of this country would consent to make a revolutionary change for what they would think to be an infinitesimal gain.

The following year, at the Colonial Conference of 1897, Mr. Chamberlain pointed out to the Colonial Premiers that “undoubtedly the fiscal arrangements of the different colonies differed so much among themselves, and all differed so much from those of the mother country, that it would be a matter of the greatest complication and difficulty to arrive at any conclusion which would unite us commercially in the same sense in which the Zollverein united the Empire of Germany.”

It would hardly be possible to formulate the chief objections to preferential trading in clearer terms than in the utterances I have quoted, and Mr. Chamberlain's present reluctance to produce a definite plan can only be attributed to the fact that he still realises most fully the force of the arguments which he advanced only a few years ago. Moreover, in the years that elapsed between the two Colonial Conferences we had the benefit of the experience of a Colonial Preferential Tariff in actual operation. In 1897 Canada reduced its tariff by  $12\frac{1}{2}$  per cent. in favour of the domestic exports of the United Kingdom; the next year the preference was increased to 25 per cent., and in July, 1900, it was again raised to  $33\frac{1}{3}$  per cent. Unfortunately, however, the Dominion largely took away with one hand what it gave with the other. At the same time that it made a fractional reduction in its duties in our favour, it raised the duties on manufactured articles—the only goods we are in a position to supply. To put it as fairly as possible, while in competition with foreign manufacturers the Canadian Tariff gives our manufacturers a fractional advantage, as a whole it favours the United States. Thus in 1902 the average duty on British goods amounted to 17 per cent., while the average duty on American goods was only 13 per cent. Further, when the geographical advantage of the United States is taken into account, it is clear that, even in respect to manufactured goods, the one-third reduction of duties in our favour is largely inoperative.

All this was clearly understood in the early summer of 1902, when the visit of the Colonial Premiers in connection with the Coronation was approaching. Mr. Chamberlain took occasion on May 16th, 1902, to encourage our Colonial visitors in the Zollverein idea. On that day he made a speech which contained the following passage:—

At the present moment the Empire is being attacked on all sides, and in our isolation we must look to ourselves. We must draw closer our international relations, the ties of sentiment, the ties of sympathy, yes, and the ties of interest. If by adherence to economic pedantry, to old shibboleths, we are to lose opportunities of closer union which are offered us by our Colonies, if we are to put aside occasions now within our grasp, if we do not take every chance in our power to keep British trade in British hands, I am certain that we shall deserve the disasters which will infallibly come upon us.

It is difficult to know what passed in Mr. Chamberlain's mind between the

date of this utterance and the time, a few days later, when he delivered his opening speech at the Colonial Conference of 1902. This speech contained several passages which are worth special attention. The first is one which shows that whatever may be the case at this moment, Mr. Chamberlain had no doubt last year as to the meaning of the words "Free Trade." He said: "Our first object, then, as I say, is Free Trade within the Empire . . . but when I speak of Free Trade it must be understood that I do not mean by that the total abolition of Customs duties as between different parts of the Empire. . . . I see that your revenue must always probably, and certainly for a long time to come, depend chiefly upon indirect taxation. . . . but in my mind whenever Customs duties are balanced by Excise duties, or whenever they are levied upon articles which are not produced at home, enforcement of such duties is no derogation from the principles of Free Trade as I understand it."

The second passage points to the fact that Mr. Chamberlain clearly realised that the 1897 Conference proposals as to preferential tariffs were not based upon any reciprocal obligation on our part:—

In 1897 I would remind you that the Premiers then unanimously undertook to consult with their colleagues, and to consider whether a Preference might not be given on their Customs tariff for goods imported from the United Kingdom. This was a proposal without any reciprocal obligation. It was regarded by the Premiers at the time as a proposal that might be made in consideration of the fact that the United Kingdom was the largest and best and the most open market in the world for all the products of the Colonies.

The third passage to which I direct the reader's attention clearly establishes in Mr. Chamberlain's own lucid language the disappointing results of the Canadian Preference:—

While I cannot but gratefully acknowledge the intention of this proposal, and its sentimental value as a proof of goodwill and affection, yet its substantial results have been altogether disappointing to us, and I think they must have been equally disappointing to its promoters . . . the total increase of the trade of Canada with foreigners during the period named, this is including both the trade subject to the tariff and also the free trade, was 69 per cent., while the total increase of British trade was only 48 per cent. . . . and the net result which I desire to impress upon you is that, in spite of the Preference which Canada has given us, their tariff has pressed, with the greatest severity, upon its best customers, and has favoured the foreigner who is constantly doing his best to shut out her goods . . . we cannot bargain with you for it; we cannot pay for it unless you go much further and enable us to enter your home market on terms of greater equality . . . so long as a preferential tariff, even a munificent Preference, is still sufficiently protective to exclude us altogether, or nearly so, from your markets, it is no satisfaction to us that you have imposed even greater disability upon the same goods if they come from foreign markets, especially if the goods in which the foreigners are interested come in under more favourable conditions.

With a rapidity which surely he himself has never equalled, Mr. Chamberlain has completely changed his mind as to the results of the Preference. On May 15th, 1903, apparently with the object of publicly declaring his disapproval of the removal by Mr. Ritchie of the shilling corn duty (which Mr. Balfour on the same day was defending), he broke out in a vigorous speech at Birmingham, in which he asked, "Now, what has Canada done for us?" and answered his own question by declaring that the Preference had had an "important result." This in spite of the fact that in the previous July he emphatically declared that the Canadian tariff "favoured the foreigner." Further, he did not scruple to threaten us with the withdrawal of the Canadian Preference, although, as we have seen, it was made perfectly clear when that Preference was first extended that there was no "reciprocal obligation"



involved. In the same speech retaliation against foreigners was for the first time tacked on to the policy of preferential tariffs. The policy which, even as late as 1902, was confined to the suggestion that "ties of interest" could be created to bind the Empire together, became in May, 1903, a policy of retaliation against the foreigner. A few days later, on May 20th, Mr. Chamberlain, in a letter to Councillor Livesey, made a tentative appeal to the British working-man, alleging that any increased cost of living that might follow the adoption of his policy would be more than atoned for by the raising of wages. On May 22nd, he made the further suggestion in the House of Commons that the food duties might provide a fund to finance a scheme of old-age pensions.

On May 28th, in the House of Commons, we had the famous debate raised by Sir Charles Dilke on the motion for adjournment for the Whitsuntide holidays, when the following remarks were, by much questioning, extracted from Mr. Chamberlain :—

When we have got the mandate—if we ever get it—then will be the time to produce the plan. Everybody knows that a plan, in the sense of a definite and complete scheme, is absolutely impossible until we know a great deal of matters into which we have still to inquire.

I want to know from every manufacturing district . . . what particular article or articles of manufacture could be much more largely sold if a preferential rate were given by the Colonies. . . .

The hon. member for Carnarvon said I was in favour of taxing raw materials and food. Of course, the hon. member had no right, from anything I have said, to say anything of the sort . . . inquiries are to be instituted which may throw further light on the subject. . . .

So far as I can see, it will not be necessary to put any tax at all on raw materials. It would be a complicated way of dealing with a subject which might be dealt with much more simply. Therefore we come to this: If you are to give a preference to the Colonies—I don't say that you are—you must put a tax on food. I make the hon. gentlemen opposite a present of that.

The "present to the hon. gentlemen opposite" was rounded off on June 26th at the Constitutional Club, when he declared that a system of preferential tariffs was "the only system by which the Empire can be kept together."

After the nation has known sixty years of the eating of untaxed bread, "the sweeter because no longer leavened by a sense of injustice," there need be little wonder that there is a singular lack of enthusiasm in the rank and file of the Tory party with regard to preferential duties. The modern reaction in favour of Protection is concerned with what is conceived to be the interests of our manufacturing industries. What is uppermost in the minds of the majority of our Protectionists is not the binding of the Empire together by preferential duties, but the erection of a tariff wall against the manufactures of America and Germany. The leaflets which are being circulated in the interest of Mr. Chamberlain's proposals say very little indeed about the taxation of food; they explain in a deprecating way that the duty is to be only a small one; that in no case can it cost the working-man very much; and, further, that every penny that it costs him can be returned by something off his tobacco and something off his tea. The really enthusiastic arguments, and the campaign leaflets which are written with the greatest sense of conviction, are those which advocate the taxation of foreign manufactured goods. Seeing that twenty years ago Germany exported but £80,000,000 worth

of manufactured articles per annum and the United States only £20,000,000 worth, it is not difficult to frame leaflets to show that German and American exports of manufactures have grown by a large percentage since that period. We may be quite sure that the representation that the importation of foreign manufactures takes bread out of the mouths of British workmen, and profits out of the pockets of their masters, will be the chief weapon of Mr. Chamberlain's friends in the coming campaign. But we need not fear the issue ; not only are we able to show that—to use Mr. Chamberlain's own words of August 12th, 1881—"a tax on food would mean a decline in wages," but, as to the importation of manufactured articles it can be clearly shown that the whole of them conduce to the prosperity of our industries and the comforts of our lives. It may be that in what Mr. Arthur Chamberlain calls the coming "raging, tearing propaganda," Mr. Chamberlain's net will be cast even further, that there will be an extension and multiplication of vague promises, and of ingenious appeals to sectional interests. To each and all of them there need be but one reply, and that is that nothing shall induce us to renounce the right to buy in the cheapest market.

There is a simple and effective way of dealing with Mr. Chamberlain and his mutually contradictory propositions. Let us make a careful examination of the broad facts relating to British industry and commerce and decide for ourselves whether our present fiscal policy is for our benefit or otherwise. Let us take stock of our position in the world of trade and consider our own peculiar needs. Let us, in short, instead of talking vaguely of the need for "inquiry," inquire.

---

## CHAPTER II.

### The Fear of Imports: Food and Liquor.

**T**HE fear of imports is the beginning of "Protection." It is an unworthy and illogical fear, for if thought be taken it will be seen that to import or receive is to gain. We live on an island, and, to state an elementary fact in simple terms, an island is richer when goods are brought into it, and poorer when goods are taken out of it. This sounds very much like expounding the obvious, but it is really necessary to refer to it at a time when our ability to buy what we want cheaply from the foreigner is treated as a national misfortune. Therefore, it may not be out of place to point out that an island is well advised to build ships and, by trading by means of those ships with nations beyond the seas, bring into its ports as much of the wealth of the world as it can honestly lay its hands on. That, of course, is precisely what we have been doing for centuries, with the result that, in our palaces and in our cottages alike, are to be found the varied products of every country and

every clime. The ships of the islanders have made them the richest people in the world, as some Protectionists appear to have forgotten. We shall return to this point presently, when we come to talk of what it is we exchange for the magnificent imports or gains which some people are so much afraid of. My immediate purpose is to make an examination of our imports in detail, that we may be quite sure whether they are harmful or not. If it is really the case that ships bring to our shores commercial lyddite for our destruction, we will pray Mr. Chamberlain to

## BRITISH FOOD AND FODDER IMPORTS IN 1902.

Distinguishing Foreign from Colonial supplies, and showing re-exports and the values retained for home consumption.

	From foreign countries.	From British possessions.	Total.	Re-exports of goods prev'ly imported.	Retained for home con- sumption.
	£	£	£	£	£
Animals, living, for food	6,554,020	1,760,900	8,314,920	11,210	8,303,710
Butter .....	17,992,500	2,534,500	20,527,000	228,000	20,299,000
<i>Cheese</i> .....	<i>1,979,000</i>	<i>4,433,000</i>	<i>6,412,000</i>	<i>157,000</i>	<i>6,255,000</i>
Cocoa .....	1,840,000	750,130	2,590,130	447,000	2,143,130
Coffee .....	2,116,000	500,000	2,616,000	1,051,000	1,565,000
Corn, Grain, Meal, and Flour—					
Wheat .....	19,411,000	7,669,000	27,080,000	59,000	27,021,000
Wheatmeal and Flour	8,042,000	884,000	8,926,000	33,000	8,893,000
Barley .....	7,107,000	25,000	7,132,000	2,000	7,130,000
Oats .....	4,857,000	185,000	5,042,000	6,000	5,036,000
Rye .....	205,000	107,000	312,000	400	311,600
Buckwheat .....	24,000	160	24,160	—	24,160
Peas, Beans, and Lentils	1,038,000	531,000	1,569,000	14,000	1,555,000
Maize .....	11,607,000	106,000	11,713,000	25,000	11,688,000
Oatmeal and Groats..	285,000	34,000	319,000	7,000	312,000
Miscellaneous .....	715,400	338,030	1,053,430	7,000	1,046,430
Eggs .....	6,099,000	210,000	6,309,000	25,000	6,284,000
Farinaceous Substances—					
<i>Rice, Ricemeal &amp; Flour</i>	<i>666,000</i>	<i>1,348,000</i>	<i>2,014,000</i>	<i>488,000</i>	<i>1,526,000</i>
Other farinaceous sub- stances .....	1,050,000	541,000	1,591,000	66,000	1,525,000
Fish .....	2,792,500	1,316,500	4,109,000	808,000	3,301,000
Fruit .....	11,571,000	1,348,000	12,919,000	1,019,000	11,900,000
Lard & Imitation of Lard	4,163,000	241,000	4,404,000	162,000	4,242,000
Margarine .....	2,571,000	400	2,571,400	46,000	2,525,400
Meat—					
Bacon .....	12,224,000	1,203,000	13,427,000	317,000	13,110,000
Beef .....	7,553,000	596,000	8,149,000	107,000	8,042,000
Hams .....	3,438,500	420,500	3,859,000	121,000	3,738,000
<i>Mutton, fresh</i> .....	<i>3,152,000</i>	<i>3,763,000</i>	<i>6,915,000</i>	<i>9,000</i>	<i>6,906,000</i>
Pork .....	1,728,500	23,500	1,752,000	29,000	1,723,000
Other Meats .....	3,430,000	555,000	3,985,000	314,000	3,671,000
Milk .....	124,000	1,850	125,850	62,000	63,850
Oilseed Cake .....	2,313,000	160,000	2,473,000	18,000	2,455,000
Poultry and Game ...	1,035,000	24,000	1,059,000	22,000	1,037,000
<i>Spices</i> .....	<i>177,000</i>	<i>688,000</i>	<i>865,000</i>	<i>530,000</i>	<i>335,000</i>
Vegetables .....	3,299,000	777,000	4,076,000	251,000	3,825,000
Sugar .....	13,791,000	941,000	14,732,000	74,000	14,658,000
Articles containing Sugar..	3,174,000	280,000	3,454,000	311,000	3,143,000
<i>Tea</i> .....	<i>819,000</i>	<i>7,080,000</i>	<i>8,799,000</i>	<i>1,827,000</i>	<i>6,963,000</i>
Miscellaneous .....	3,326,000	464,500	3,790,500	235,000	3,555,500
	£172,574,420	£43,159,970	£215,734,390	£8,888,660	£206,845,730



make an ordinance to fill up our ports, or burn our ships, or levy a prohibitive customs duty—it matters not which, so it be done quickly and effectively.

There are 42,000,000 of us in these islands, and although we grow far more of the food we eat than is commonly imagined, we do not and cannot grow enough for our needs. That is not because we produce less food than of yore, but because our population has increased so enormously, while we consume a larger quantity of bread and meat per head. We have only about one-half the land under wheat that we had in 1870, but on the other hand we produce more meat and milk. Mr. Harold Cox has clearly shown that even if we could go back to the wheat acreage of 1870, when all the land which could, with any hope of profit, be employed for wheat growing was devoted to that purpose, the total addition to the amount of home-grown wheat would be only about 30,000,000 cwt. (*i.e.*, an additional 2,000,000 acres producing 30 bushels per acre), whereas we eat so much bread that our importation of wheat and wheat-flour is 100,000,000 cwt. per annum. As a matter of fact, however, if we went back to the wheat acreage of 1870 we should reduce our present production of meat and milk and be little less dependent on sea-borne food because of our increased production of one particular kind of food. I have dwelt upon this point because it is sometimes represented that Protection for agriculture would make us independent of food shipments. I say “sometimes” advisedly, for it is as often found convenient to represent that our colonies could easily supply us with all the food we now obtain from foreign countries. It need hardly be pointed out that if the latter contention were true, it would not matter whether the sea-borne food were derived from the foreigner or from our colonies—the result would be the same to the British farmer. As a matter of fact, however, it is not true, and those who make the assertion know well that a duty on foreign food is tantamount in effect to a duty on all sea-borne food, for our colonies are but small suppliers, so small that if colonial food were entirely cut off we should hardly feel the effect more than if we placed a duty upon foreign food. That will be realised by an examination of the table on the preceding page, which shows the value of the food we imported in 1902, and the proportions of each item purchased from foreign countries and British possessions respectively. These figures establish the remarkable fact that as much as four-fifths of our imports of food, purchased in the cheapest and best markets, is derived from foreign countries. The foods which are derived more largely from British possessions than from foreign countries are printed in italics. The only ones of importance are cheese, tea, rice, and mutton, and with regard to the last-named, Argentina is rapidly overhauling New Zealand as a supplier.

“If you are to give a preference to the colonies,” says Mr. Chamberlain, “you must put a tax on food.” My table shows exactly what is meant by that. We “must” tax four-fifths of our imported food to confer a benefit upon the few colonial producers who send us the remaining fifth. The idea is that by artificially raising the price of foreign food imports our colonists would be able to command the enhanced price for the little food they send us, so that their production for export would be stimulated at the expense of the British consumer. The reader

should not fail to note the implied admission that it is the consumer who pays the duty. If it were not so, if it were really true that the foreigner pays the duty, how could our Colonists benefit?

The reader will see that I have taken the trouble to show in the table on page 10 not merely how much food we import, but how much we retain for home consumption. Our trade in foreign and Colonial merchandise is a very profitable part of our commerce, and I do not state our re-exports with any desire to minimise our imports, but for the sake of accuracy. I should be very glad if we retained the whole of the £215,000,000 of food in the United Kingdom instead of re-selling £9,000,000 to places overseas; it would mean the consumption of so much more good food in our own country. The amount of imported food retained for home consumption in 1902 is seen to be £206,000,000.

### BRITISH IMPORTS OF LIQUOR IN 1902.

Distinguishing Foreign from Colonial supplies, and showing re-exports and values retained for home consumption.

	From foreign countries.	From British possessions.	Total.	Re-exports of liquor prev'ly imported.	Retained for home consumption.
	£	£	£	£	£
Beer and Ale .....	156,000	900	156,900	400	156,500
Cider and Perry .....	7,500	10	7,510	10	7,500
Mineral Water .....	270,000	400	270,400	16,000	254,400
Spirits .....	1,744,500	454,500	2,199,000	271,000	1,928,000
Wine .....	4,778,000	164,000	4,942,000	541,000	4,401,000
	£6,956,000	£619,810	£7,575,810	£828,410	£6,747,400

The next item in our examination of the "fear of imports" is liquor, the figures relating to which are dealt with in my second table. Now, as to whether imports of the articles in the above list, with the exception of mineral waters, are to be feared or not, there may conceivably be different opinions, and I will give a wide berth to a discussion of the Temperance question. The fact remains that of the wines, spirits, and beers which we import, nine-tenths are imported from foreign countries. I do not know if it is seriously suggested that we should stimulate the production of Australia's "Burgundy" by relaxing the wine duties in her favour. Some of us have a lively recollection of a certain dinner to the Colonial Premiers, at which we were treated to Australian "hock." Everyone said it was very fine hock, and incontinently proceeded to drown the recollection of it in the sparkling wine of France. Duty or no duty, our Australian friends have much to learn in the art of wine production, and, until they have learnt it, it is to be feared that we shall continue to pledge Colonial toasts in foreign liquor. Our Colonial wine producers need not the bolstering of a preferential tariff, but education in the art of viticulture. They would gain more by studying the best European models than by a tariff, be it never so favourable. Colonial wines, whether of Australia, South Africa, or Ontario, may have a great future if quality of production is studied; but quality does not arise through a tariff preference

in a rich land—on the contrary, it is discouraged, for the incompetent are helped to a market.

Deducting re-exports, the amount of imported liquor retained for home consumption in 1902 was nearly £7,000,000.

## CHAPTER III.

### The Fear of Imports: Materials, Raw and other.

WE pass from food, the raw material of which men are made, to the consideration of the materials used in British industry. We are fully equipped as an industrial and commercial nation so far as population, climate, and seaboard and the skill and industry of our people are concerned, and we have plenty of coal; but our native supplies of timber, ores, hides, and wool are insufficient, while of cotton and india-rubber, gutta-percha and asbestos, not to mention a host of other things, we have not a trace. We have, then, to import these things, and it is to our best interests to purchase them in the cheapest markets, not merely that we may manufacture them into goods for export—that is the least part of it—but to build and furnish our houses, clothe our bodies, construct our ships and railways, and generally add to the wealth and happiness of our people. To this end we ransack the world for materials and spend upon raw products alone £120,000,000 per annum. As will be seen by the next table, the bulk of these materials comes to us from foreign countries, the figures being: From foreign countries, £112,871,000; from British possessions, £46,656,000; total, £159,527,000. The re-exports were valued at £35,748,000, leaving a balance for home consumption of £123,779,000.

Of the materials which go to make up this enormous sum—60 in number—only 12 are derived in greater quantity from British possessions than from foreign countries. Jute comes almost entirely from Bengal, and wool chiefly from Australasia; to the latter item we shall have occasion to refer later on. Our chief industry, the cotton trade, obtains £40,565,000 per annum of raw cotton from foreign countries, almost exclusively from America, and a mere £584,000 worth from British possessions. It is of interest to note that this £40,000,000 of foreign cotton is manufactured by Lancashire into some £100,000,000 worth of cotton goods, £30,000,000 of which—almost the value of the import of raw cotton—is consumed in this country, while £70,000,000 is exported to places over sea. Of timber, again, we buy from foreign countries nearly £19,000,000 per annum, as against only £6,000,000 from British possessions. Does the foreigner “invade” us with this wood and timber to our hurt? I trow not. We build it into our houses and make millions of pounds’ worth of furniture of it. In this case the



**BRITISH IMPORTS OF RAW MATERIALS IN 1902.**

Distinguishing Foreign from Colonial supplies, and showing re-exports and values retained for home consumption.

	From foreign countries.	From British possessions.	Total.	Re-exports of goods prev'ly imported.	Retained for home consumption.
Asbestos .....	£54,000	£18,000	£72,000	£9,000	£63,000
Asphalte or Bitumen ..	134,000	30,000	164,000	8,000	156,000
Bladders, Casings, &c...	139,000	75,000	214,000	89,000	125,000
Bones (except whalebone)	54,000	1,500	55,500	1,000	54,500
Bristles .....	574,000	52,000	626,000	230,000	396,000
Canes and Sticks .....	91,000	60,000	151,000	18,000	133,000
Caoutchouc .....	4,908,000	272,000	5,180,000	3,552,000	1,628,000
Cork .....	962,000	6,000	968,000	206,000	762,000
Cotton .....	40,565,000	584,000	41,149,000	6,323,000	34,826,000
Cotton Waste .....	88,500	31,500	120,000	441,000	321,000
Dyestuffs and Woods ..	2,551,000	1,257,000	3,808,000	592,000	3,216,000
Feathers and Down ....	76,500	14,000	90,500	31,500	59,000
Do. Ornamental .....	440,000	952,000	1,392,000	626,000	766,000
Flax and Tow .....	2,921,500	22,900	2,944,400	162,000	2,782,400
Furs .....	1,468,000	904,000	2,372,000	1,863,000	509,000
Galls .....	27,000	700	27,700	26,000	1,700,000
Gum .....	416,700	1,000,700	1,417,400	976,000	441,400
Guttapercha .....	158,500	9,992,400	1,150,900	135,000	1,015,900
Hair .....	546,000	44,000	590,000	100,000	490,000
Hemp .....	3,113,000	892,000	4,005,000	1,782,000	2,223,000
Hides and pieces thereof	1,943,000	498,000	2,441,000	802,000	1,639,000
Horns and Hoofs .....	104,000	89,000	193,000	46,000	147,000
Ivory .....	219,000	182,000	401,000	228,000	173,000
Jute .....	46,000	5,255,000	5,301,000	1,630,000	3,671,000
<b>Metals and Ores—</b>					
Copper Ore .....	612,000	354,000	966,000	62,000	904,000
Copper Scrap .....	87,000	9,000	96,000	7,000	89,000
Gold Ore and Leaves..	195,000	461,000	656,000	3,000	653,000
Iron Ore .....	4,886,000	93,000	4,979,000	49,000	4,930,000
Iron Old .....	102,000	11,000	113,000	9,000	104,000
Lead Ore .....	29,000	152,000	181,000	100,000	81,000
Manganese Ore .....	374,000	103,000	477,000	400	476,600
Pyrites .....	947,000	50,000	997,000	200	996,800
Quicksilver .....	291,000	120	291,120	168,000	123,120
Silver Ore .....	764,000	313,000	1,077,000	17,000	1,060,000
Tin Ore .....	638,000	11,000	649,000	65,000	584,000
Zinc Ore .....	192,000	14,000	206,000	17,000	189,000
Zinc Crude .....	1,520,000	9,000	1,529,000	5,000	1,524,000
Miscellaneous Ores ..	296,000	29,000	325,000	32,000	293,000
Unenumerated Old ..	133,000	15,000	148,000	3,000	145,000
Mica .....	9,500	65,100	74,600	56,000	18,600
Moss Litter .....	123,000	—	123,000	—	123,000
Nuts and Kernels for Oil	269,000	609,000	878,000	245,000	633,000
Papermaking Materials	3,127,000	260,000	3,387,000	116,000	3,271,000
Paraffin and Paraffin Wax	906,000	98,000	1,004,000	16,000	988,000
Piassava Fibre .....	147,000	55,000	202,000	40,000	162,000
Plumbago .....	75,500	154,500	230,000	46,000	184,000
Sand .....	63,450	380	63,830	730	63,100
Seeds (chiefly for Oil) ..	6,676,000	3,209,000	9,885,000	920,000	8,965,000
Shells .....	105,000	405,000	510,000	4,888,000	22,000
Silk Knubs and Waste..	290,000	188,000	478,000	48,000	430,000
Silk Raw .....	562,000	166,000	728,000	84,000	644,000
Silk Thrown .....	678,000	—	678,000	86,000	592,000
Skins .....	996,000	2,210,000	3,206,000	2,020,000	1,186,000
Slates for roofing purposes	271,000	15,000	286,000	300	285,700
Sponge .....	228,000	5,500	233,500	92,500	141,000
Stone Marble &c. ....	1,172,000	204,000	1,376,000	47,000	1,329,000
Straw .....	206,650	—	206,650	1,000	205,650
Talc &c. ....	26,300	3,600	29,900	4,000	25,900
Whalebone .....	48,000	5,000	53,000	12,000	41,000
Willows and Rods .....	47,000	1,800	48,800	500	48,300
Wood and Timber .....	18,859,000	6,328,000	25,187,000	647,000	24,540,000
Woollen Rags .....	616,500	17,500	634,000	12,000	622,000
Wool .....	4,469,000	17,757,000	22,226,000	10,298,000	11,928,000
Miscellaneous .....	235,100	41,000	276,000	54,500	221,600
	£112,871,700	£46,656,200	£159,527,900	£35,748,630	£123,779,270

greater part of the material is retained in this country, and not again exported, as with cotton. We are compelled to go to Spain or Sweden for iron ore; Canada has a great deal, but she prefers to keep it and pays a heavy bounty on every ton of pig iron made from it in the Dominion. We go to Spain and America for copper, to Brazil for caoutchouc, to Germany for zinc, and so on. The general conclusion as to these raw materials is that more than two-thirds are derived from foreign countries. To that point we shall return again when we come to consider in detail how the Colonial Secretary's pretty theories would affect our colonies and ourselves. At this point in our inquiry, I am chiefly concerned to combat the insane fear of imports, and it will be generally agreed that, so far, we have encountered little we need be afraid of. Our only fear need be lest our imports should decline.

We pass to the consideration of our imports of crudely-manufactured materials, a group of articles exceedingly diverse in character and usually classed under the broad heading "manufactures," going to form a considerable part of the bogey of foreign "invasion" which is so constantly held up to affright us. The value in 1902 of this class of imports, as will be seen by the table below, amounted to £32,419,000; the amount retained for home consumption was valued at £25,000,000.

## BRITISH IMPORTS OF CRUDELY-MANUFACTURED MATERIALS IN 1902.

Distinguishing Foreign from Colonial supplies, and showing re-exports and values retained for home consumption.

	From foreign countries.	From British possessions.	Total.	Re-exports of goods prev'ly imported.	Retained for home consumption.
	£	£	£	£	£
Cotton Yarn .....	236,000	1,000	237,000	1,000	236,000
Glue Stock .....	48,000	18,000	66,000	16,000	50,000
Jute Yarn .....	51,000	19,000	70,000	2,000	68,000
Linen Yarn .....	968,000	—	968,000	4,000	964,000
Manures .....	2,068,500	150,500	2,219,000	113,000	2,106,000
Metals, crude forms of—					
Copper (regulus and precipitate) ....	2,072,000	434,000	2,506,000	40,000	2,466,000
Copper, unwrought ..	3,983,000	921,000	4,904,000	1,122,000	3,782,000
Copper, part wrought	18,000	—	18,000	68,000	— 50,000
Iron, pig & puddled	682,000	116,000	798,000	14,000	784,000
Iron and steel, unwrought	1,415,000	400	1,415,400	12,000	1,403,400
Lead, pig and sheet ..	1,923,500	661,500	2,585,000	104,000	2,481,000
Platinum, wrought or unwrought	140,700	1,600	142,300	63,000	79,300
Tin, blocks, ingots, &c.	300,000	3,854,000	4,154,000	2,737,000	1,417,000
Unwrought, unenunmerated .....	178,500	15,500	194,000	77,000	117,000
Oils—Animal, Fish, and Vegetable .....	3,422,000	2,174,000	5,596,000	1,408,000	4,188,000
Pitch .....	42,300	1,400	43,700	5,000	38,700
Plaiting of Straw, &c. ..	742,000	5,000	747,000	279,000	468,000
Rosin .....	492,260	180	492,440	14,000	478,440
Silk Yarn .....	30,000	—	30,000	2,000	28,000
Tallow and Stearine ....	1,322,000	1,387,000	2,709,000	1,180,000	1,529,000
Tar .....	81,700	2,600	84,300	12,000	72,300
Wax, Ozokerit, &c. ....	152,700	28,650	181,350	63,000	118,350
Woollen Yarn .....	2,259,000	—	2,259,000	12,000	2,247,000
	£22,628,160	£9,791,330	£32,419,490	£7,348,000	£25,071,490

The first thing that strikes us in this list is the fact that British possessions "dump" nearly one-third of the whole upon our shores, so that in regard to half-manufactured materials they serve us much the same as in regard to "raw" materials. It may be noted here that we were sent £116,000 worth of bounty-fed pig iron by our colonies last year; needless to say it came from Canada, and it may be hoped that it will not be the last to come from the same quarter. One of the most considerable of the items under this head is unwrought steel, which we import to use as a material in sheet, and wire-making, and other higher forms of industry. Under this heading we also find yarns, whether of cotton, wool, or linen, which are but materials, and we also have recorded manure, yet another form of material. The closer the list is examined the more clearly it will be realised that one manufacture is but the raw material of another. The importation of this £30,000,000 worth of products upon which a certain amount of human skill has already been exerted means that we take up these articles at the rough state to which they have been carried and manufacture them into more highly-finished products. If, through insane fear of imports, we shut them out by duties, we should have no more work to do than before. We should be simply refusing to allow other people to hew wood and draw water for us. Consider the case of a bricklayer. Would he be any better off if he insisted upon mixing his own mortar and carrying his own bricks up the ladder? According to Protectionist theory he would "create more work" and earn more money by performing for himself every operation connected with his calling. According to the dictates of Free Trade and common-sense he lets someone else do the mixing and the carrying, and is content to do the bricklaying alone. As with the bricklayer, so with the 40,000,000 units, bricklayers and others, which constitute the nation. To shut out crudely-manufactured materials in the belief that by so doing we could make more work by performing for ourselves the labour expended upon them would simply transfer our energies from higher forms to lower forms of industry.

---

## CHAPTER IV.

### **The Fear of Imports: Manufactured Materials and Plant—Domestic Materials.**

THE considerations we have applied to partly-manufactured products are equally cogent in regard to completely-manufactured articles which are used either as materials or in some of the processes of industry. So that a man be well and profitably employed it matters little whether he is making a British boot out of foreign leather, or making British leather out of a foreign hide. Most people



would elect the boot-making rather than the leather making. In the same way a man is as well employed in printing a British book on foreign paper as in making British paper out of foreign materials. To take a third case, a builder no more robs his fellow-subjects of employment by using foreign or colonial cement in his work than he does by using foreign or colonial timber. To the builder, the cement is as much a "material" as is the wood.

The accompanying table shows that our imports of manufactured materials and plant were valued at £43,500,000 in 1902, of which £38,000,000 worth was derived from foreign countries and £5,500,000 worth from British possessions. The

## BRITISH IMPORTS OF MANUFACTURED MATERIALS AND PLANT IN 1902.

Distinguishing Foreign from Colonial supplies, and showing re-exports and values retained for home consumption.

	From foreign countries.	From British possessions.	Total.	Re-exports of goods previously imported.	Retained for home con- sumption.
	£	£	£	£	£
Brass, Bronze, &c. ....	290,600	4,600	295,200	9,000	286,200
Cement .....	392,500	—	392,500	2,000	390,500
Chemical Manufactures..	2,144,200	153,500	2,297,700	336,000	1,961,700
Copper Manufactures ..	854,500	980	855,480	8,000	847,480
Cordage, Cables, &c. ..	672,000	262,500	934,500	112,000	822,500
Drugs .....	1,392,000	289,000	1,681,000	668,000	1,013,000
Electrical Goods .....	687,300	170	687,470	37,000	650,470
Glass—Sheet and Plate, and Bottles .....	2,080,000	50	2,080,050	41,350	2,038,700
Glue, Size, and Gelatine	477,700	900	478,600	59,000	419,600
Hardware (part only) ..	683,500	1,000	684,500	79,000	605,500
Implements and Tools ..	374,000	7,000	381,000	125,000	256,000
Iron—Bar, Angle, &c. ..	1,083,500	1,000	1,084,500	73,000	1,011,500
Girders, Joists, &c. ..	820,500	—	820,500	6,000	814,500
Nails, Screws, Rivets..	537,000	800	537,800	39,000	498,800
Steel Rails .....	333,000	—	333,000	37,000	296,000
Tyres and Axles .....	35,000	170	35,170	2,000	33,170
Unenumerated .....	2,879,000	5,500	2,884,500	177,000	2,707,500
Jute, Manufactures of ..	153,000	1,842,000	1,995,000	1,589,000	406,000
Leather .....	5,471,500	2,624,500	8,096,000	1,307,000	6,789,000
Machinery .....	4,196,000	64,000	4,260,000	610,000	3,650,000
Steam Engines .....	499,000	1,700	500,700	40,000	460,700
Metal — Unenumerated, Wrought .....	712,000	900	712,900	16,000	696,900
Mouldings for Picture Frames .....	232,000	—	232,000	3,000	229,000
Painters' Colours .....	1,267,000	6,000	1,273,000	27,000	1,246,000
Paper—Unprinted ....	2,957,000	83,000	3,040,000	75,000	2,965,000
Strawboard and Wood Pulp Board .....	927,000	25,000	952,000	18,000	934,000
Petroleum for Lubricating	1,161,000	2,000	1,163,000	68,000	1,095,000
Scientific Instruments ..	949,000	600	949,600	66,000	883,600
Straw Envelopes for Bottles .....	64,000	—	64,000	100	63,900
Varnish .....	54,000	50	54,050	1,000	53,050
Wood, Manufactures of ..	2,352,000	114,000	2,466,000	188,000	2,278,000
Zinc, Manufactures of ...	489,000	1,000	490,000	10,000	480,000
Miscellaneous .....	808,000	13,000	821,000	52,000	769,000
	£38,027,800	£5,504,920	£43,532,720	£5,880,450	£37,652,270

re-exports were valued at £5,800,000 leaving a balance for home consumption of £37,700,000 worth. A considerable amount of machinery, tools, and manufacturing plant is included in the total. Not the least of the benefits of Free Trade is that it allows the purchaser of machinery to buy not merely the best machine in the United Kingdom, but the best machine in the world, at the lowest price. That is great gain, for it reduces his expenditure of capital, while giving him command of the best appliances. I have seen, in a London factory, some magnificent American wood-working machinery busily turning out British furniture made of imported wood. It seemed to me that the invasion of the wood and the invasion of the machinery had not robbed anyone of work, but, on the other hand, was providing profitable employment for capital and labour.

Amongst the manufactured materials in the list are included manufactures of wood—house frames and joinery of different kinds—to the value of £2,466,000. I have heard a British carpenter express the belief that such importation “took the bread out of the mouths” of our workmen. Yet, contemporaneously with the increase of the imports of the manufactured material, our imports of wood and timber have also increased rapidly. The following figures illustrate this point :—

#### IMPORTS OF WOOD AND WOOD MANUFACTURES.

	In 1887.	In 1902.
Wood and Timber (loads) ....	5,654,000	9,608,000
Furniture Woods (tons) .....	96,000	289,000
Manufactures of Woods (value)	£500,000	£2,466,000

Mr. Chamberlain spoke with his usual lucidity upon this trade at Birmingham in 1885, as follows :—

“Let us take one industry. I notice that Mr. Dumphreys, in one of his speeches, complained that frame work—wooden frame work—was imported into this country from Canada and Norway and Sweden to the detriment of English carpenters, and he proposed that a duty should be put on that manufacture also. In Germany they followed this recommendation; they have put a duty on the manufactures of wood, and what do you think the result has been? Do you think the carpenters and the cabinet makers have been benefited? No, not a bit. There are fewer houses built, and there is less work for the working men, and there are less wages paid. From a return which I have got, I find that the averages of 30,000 carpenters and cabinet makers in Germany are from 18s. to 19s. a week. The week's work is 72 hours, and in many cases 84, because they work on Sundays as well as other days of the week. (‘Shame,’ and ‘We ain’t going to have it here.’) I hope not. But it is right that you should know these things, and that when these quack remedies are proposed to you, that you should understand what is the result of taking them.”

The building trade is worth particular attention in connection with this group of manufactured materials. Building is one of our most important industries, and while it obviously has no exports, it means daily bread to many millions of our people. The value of the houses manufactured in this country per annum (plus

repairs) is fully £70,000,000. The range of materials used is almost endless. While the bricks and tiles are British, the slates may be native or foreign. The metals, although mostly worked here, are almost entirely of foreign origin. The timber is chiefly foreign, partly Colonial. The stoves and fittings are usually of British manufacture, but foreign material. A house is a conglomeration of raw, half-manufactured, and fully-manufactured articles, providing work for a great variety of craftsmen, and it will be seen that many of the manufactured articles we import are simply builders'

### BRITISH IMPORTS OF MANUFACTURES USED EITHER IN DOMESTIC INDUSTRY OR AS PERSONAL NECESSARIES IN 1902.

Distinguishing Foreign from Colonial supplies, and showing re-exports and values retained for home consumption.

	From foreign countries.	From British possessions.	Total.	Re-exports of goods previously imported.	Retained for home con- sumption.
	£	£	£	£	£
Baskets and Basketware	261,000	1,000	262,000	5,000	257,000
Blacking and Polishes ..	156,000	1,800	157,800	2,000	155,800
Brooms and Brushes....	316,000	2,000	318,000	13,000	305,000
Buttons and Studs ....	265,000	—	265,000	11,000	254,000
Candles .....	18,000	—	18,000	7,000	11,000
Caoutchouc—Manufac- tures of .....	759,000	20,000	779,000	34,000	745,000
Chinaware .....	976,000	6,000	982,000	238,000	744,000
Clocks and Parts thereof	450,000	60	450,060	22,000	428,062
Cotton Manufactures ..	5,716,000	55,000	5,771,000	517,000	5,254,000
Cutlery .....	34,000	90	34,090	13,000	21,090
Floorecloth, Linoleum, &c.	71,000	—	71,000	6,000	65,000
Glass Manufactures ....	1,617,000	50	1,617,050	28,000	1,589,050
Hair Manufactures ....	8,000	70	8,070	1,000	7,070
Hardware (other than cutlery) part only ..	683,500	1,000	684,500	79,000	605,500
Hats and Bonnets .....	409,500	12,500	422,000	70,000	352,000
Lamps and Lanterns....	46,000	30	46,030	7,000	39,030
Leather Manufactures ....	3,244,000	7,000	3,251,000	280,000	2,971,000
Linen Manufactures ..	683,000	360	683,360	52,000	631,360
Matches .....	419,000	—	419,000	98,000	321,000
Mats and Matting .....	94,000	17,000	111,000	10,000	101,000
Soap and Soap Powder..	427,000	2,000	429,000	19,000	410,000
Woollen Manufactures..	10,655,500	96,500	10,752,000	897,00	9,855,000
	£27,308,500	£222,460	£27,530,960	£2,409,000	£25,121,960

materials. This point is of great importance to every member of the community, whether a house owner or merely the renter of a house owned by another. The manufacturer, through free imports, is able to build his factory cheaply, thus economising capital. If we levied duties on cement, joinery, glass, iron, steel, glue, paint, and every other manufactured building material, the prime cost of houses and factories would be enormously increased. Yet the obvious results of protective duties to our building industry are never discussed, presumably because the trade has no exports !

So, in the light of reason, we see that there is really nothing to be afraid of in this list of £42,800,000 worth of manufactured articles which we buy from foreign



countries and our Colonies. We buy these things not to look at, but to use in the processes of British industry. The reasons for their importation are precisely the same as those which lead us to purchase "raw" materials. It is as foolish to complain of the importation of an article upon which human labour has been expended as to complain that Nature did not leave us to fabricate timber or coal. To carry their idea of "making work" to its logical conclusion, Protectionists ought to resent the fact that wood grows in Nature's factory, atom by atom, and cell by cell, and employ themselves in making artificial wood, thereby increasing employment and the remuneration of employment !

We next come to a class of imports which may be termed personal or domestic materials and necessaries. The goods grouped under this heading in the accompanying table are valued at £27,500,000, of which nearly the whole came from foreign countries. The re-exports were valued at £2,500,000, leaving a balance for home consumption valued at £25,000,000. It is not an easy thing to distinguish clearly between some of the items in this list and those of the last, and I freely confess that the classification is arbitrary in character.

Take the item "Brooms and brushes," for example. Clearly this includes

### BRITISH IMPORTATION OF "LUXURIES" IN 1902.

Distinguishing Foreign from Colonial supplies, and showing re-exports and values retained for home consumption.

	From foreign countries.	From British possessions.	Total.	Re-exports of goods previously imported.	Retained for home con- sumption.
	£	£	£	£	£
Beads and Bead Trimmings	260,000	50	260,050	46,000	214,050
Books	256,000	6,000	262,000	20,000	242,000
Carriages and Carts and Parts thereof	144,000	1,500	145,500	11,000	134,500
Curios	176,000	19,000	195,000	32,000	163,000
Cycles and Parts (not motors)	141,000	3,000	144,000	35,000	109,000
Embroidery and Needle- work	1,151,000	6,000	1,157,000	133,000	1,024,000
Fancy Goods	1,295,000	1,000	1,296,000	39,000	1,257,000
Flowers, Artificial	642,000	—	642,000	101,000	541,000
Jewellery	227,000	6,000	233,000	23,000	210,000
Lace and Articles of Lace	2,493,000	100	2,493,100	1,005,000	1,488,100
Motor-cars and Cycles and Parts thereof	1,102,000	1,000	1,103,000	58,000	1,045,000
Musical Instruments	1,362,000	7,000	1,369,000	68,000	1,301,000
Paper, Printed	543,000	2,000	545,000	9,000	536,000
Perfumery	55,000	6,000	61,000	18,000	43,000
Pictures and other Works of Art	926,000	6,000	932,000	207,000	725,000
Pipes (for Tobacco)	305,000	60	305,060	104,000	201,060
Plate	35,000	60	35,060	5,000	30,060
Playing Cards	20,000	30	20,030	1,000	19,030
Silk manufactures	13,385,000	32,000	13,417,000	1,072,000	12,345,000
Skins and Furs, manu- factures	1,221,000	5,500	1,226,500	233,000	993,500
Stationery (other than Paper)	288,500	500	289,000	67,000	222,000
Toys and Games	1,238,000	2,000	1,240,000	51,000	1,189,000
Watches and Parts	1,240,000	160	1,240,160	76,000	1,164,160
	£28,505,500	£104,960	£28,610,460	£3,414,000	£25,196,460

articles used both in the household and others, such as painter's brushes, used in ordinary industry. The same remark applies to leather manufactures. Hardware is equally divided in the lists between material for manufacturers and materials for the household. Earthenware is classed entirely as a "domestic material," but obviously includes some articles used in manufacturing industry. The list contains several other items similarly open to criticism. Nevertheless, I hope the reader will agree that, in its broad outlines, this attempt at classification is justified, helping us to realise, within a little, how much of our imports is utilised personally and in domestic operations. We should not forget that the work carried on in a private dwelling is as important to the nation as the manufacture of worsteds in a Bradford factory. The housewife has as much right as the manufacturer to access to the best goods in the world at the cheapest price. To fine a private individual for buying an American domestic appliance is as senseless and wasteful as to fine a manufacturer for buying foreign material or plant. Above all ranks the consideration that our small importation of domestic articles protects the consumer from the exactions of the home producer. The Germans boast of their devotion to the Fatherland, but they ruthlessly fleece each other under the wing of the tariff. Let us not expose human nature in this country to similar temptations.

---

## CHAPTER V.

### The Fear of Imports : Luxuries, Miscellaneous Articles.

#### A Summary.

OUR consideration of the fear of imports brings us next to a group of articles, which, in the accompanying list, I have termed luxuries. This attempt at classification, although arbitrary, serves to accentuate how few of the articles we import can be regarded as other than necessities. The total value is £28,610,000, only £100,000 worth of this coming from our Colonies, for the obvious reason that new lands do not produce manufactured luxuries. A moment's consideration will show that the reasons which lead us to purchase the larger part of these articles also operate with Colonial buyers. Taking the list as a whole, what possible end would be served by shutting out the articles which are comprised in it? A nation which has about £2,500,000,000 invested in foreign lands can surely afford to take £28,000,000 worth of interest in the form of foreign articles of luxury. Nor would a duty serve to shut out many of the goods in the list, such, for instance, as a high-class German pianoforte, bought because it has some peculiar merit of its own. If there were a 20 per cent. duty the piano would cost so much more, but it would be bought nevertheless. The State would fine the buyer for making the purchase,

and he would have just so much less to spend with his butcher and baker. This consideration applies not only to pianofortes, but to the great majority of the articles in this list, and, in particular, to curios, silks, books, works of art, perfumery, artificial flowers, Eastern carpets, fancy goods, and lace. It will be seen that nearly one-half of the £25,000,000 worth of luxuries retained for home consumption consists of silk, in the production of which France excels.

In this connection the following figures, taken from the official records of the United States Bureau of Commerce for the years after the Dingley Tariff, are commended to those who fear imports :—

### AMERICAN IMPORTS OF MANUFACTURED ARTICLES

(as officially classified by U.S.A. Bureau).

(In millions of £.)

Fiscal Year ended June.	Manufactured Articles used in Industry.	Articles ready for consumption.	Articles of voluntary use and luxury.	Total U.S.A. Imports of Manufactures.	Duty actually paid.	Price of Imports with Duty.
1898	11·6	18·8	11·5	41·9	15·8	57·7
1899	12·0	22·0	13·9	47·9	18·9	66·8
1900	16·0	26·0	16·1	58·1	22·3	80·4
1901	14·8	27·0	16·8	58·6	21·4	80·0
1902	17·2	30·2	19·5	66·9	24·9	91·8

Very few people know that, in spite of the Dingley Tariff, America is importing £67,000,000 of manufactured articles per annum, *and paying £92,000,000 for them, or nearly as much as we expend on imports of manufactures.* These figures are an object lesson in the failure of Protection. When the State has the folly to levy heavy fines on consumers it simply reduces their purchasing power. It should be borne in mind that not only was £25,000,000 exacted in Customs duties from the importers of the £67,000,000 worth of imported manufactures in 1902, but the American

### BRITISH MISCELLANEOUS IMPORTS IN 1902.

Distinguishing Foreign from Colonial supplies, and showing re-exports and values retained for home consumption.

	From foreign countries.	From British possessions.	Total.	Re-exports of goods previously imported.	Retained for home consumption.
	£	£	£	£	£
Arms, Ammunition, and Stores .....	384,000	17,000	401,000	95,000	306,000
Flowers, Fresh .....	167,000	100,000	267,000	—	267,000
Horses .....	779,000	57,000	836,000	197,000	639,000
Ice .....	203,000	—	203,000	100	202,900
Petroleum for illuminating	4,030,000	260	4,030,260	59,000	3,971,260
Plants, Shrubs, Trees, &c.	471,000	28,000	499,000	14,000	485,000
Precious Stones, Unset ..	95,500	9,500	105,000	472,000	— 367,000
Tobacco—Unmanufactured	3,891,000	1,000	3,892,000	236,000	3,656,000
“ Manufactured ..	1,814,000	86,000	1,900,000	202,000	1,698,000
Parcels Post .....	888,000	438,000	1,326,000	—	1,326,000
	£12,722,500	£736,760	£13,459,260	£1,275,100	£12,184,160



people also paid duty to the manufacturers of similar articles in their own country. The tax paid to the State is considerable, but the tax paid as a bonus to the favoured industries is enormous.

Last of all, we come to the miscellaneous imports grouped in the list on the previous page—arms, flowers, horses, ice, petroleum, plants, precious stones, and tobacco. With the exception of the first item, little or none of them could be produced in this country. The largest item is petroleum for illuminating, petroleum for lubricating having already been considered in the group of manufactured materials for industry. We tax tobacco, of course, for revenue purposes, and not through craven fear of imports. Indeed, the most rabid Protectionist must needs admit that little could be done to shut out the £13,000,000 of articles in this miscellaneous list.

### TOTAL IMPORTS INTO THE UNITED KINGDOM IN 1902.

Distinguishing Foreign from Colonial supplies, and showing re-exports and the values retained for home consumption.

Classification.	From foreign countries.	From British possessions.	Total.	Re-exports of goods previously imported.	Retained for home consumption.
	£	£	£	£	£
Food .....	172,574,420	43,159,970	215,734,390	8,888,660	206,845,730
Liquor .....	6,956,000	619,810	7,575,810	828,410	6,747,400
Raw Materials .....	112,871,700	46,656,200	159,527,900	35,748,630	123,779,270
Crudely-manufactured Materials .....	22,628,160	9,791,330	32,419,490	7,348,000	25,071,490
Wholly-manufactured Materials and Plant .....	38,027,800	5,504,920	43,532,720	5,880,450	37,652,270
Domestic Appliances and Personal Necessaries .....	27,308,500	222,460	27,530,960	2,409,000	25,121,960
Luxuries .....	28,505,500	104,960	28,610,460	3,414,000	25,196,460
Miscellaneous .....	12,722,500	736,760	13,459,260	1,275,100	12,184,160
	£421,594,580	£106,796,410	£528,390,990	£65,792,250	£462,598,740

In the above table the various classes of imports which we have considered in detail are summarised. It will be seen that the value retained for home consumption in 1902 amounted to £462,598,740. The proportions of the respective groups of articles to the whole are as follows :—

	Per cent. of Total.
Food and Fodder .. .. .	44·8
Liquor .. .. .	1·5
Materials for use in Industry :—	
(a) Raw .. .. .	26·9
(b) Crude .. .. .	5·4
(c) Manufactured .. .. .	8·0
Domestic Appliances and Personal Necessaries .. .. .	5·4
Luxuries .. .. .	5·4
Miscellaneous .. .. .	2·6
	100·0

Of the imported articles retained for home consumption in 1902, therefore, 46·3 per cent. consisted of food and liquor; 40·3 of raw, crudely-manufactured

and wholly-manufactured materials; 5·4 per cent. of domestic material and personal necessities; 5·4 per cent. of "luxuries" (interpreting that term in a very elastic manner); and 2·6 per cent. of miscellaneous articles, such as petroleum, tobacco, &c.

Before proceeding further I would like to make it clear to the reader how the values in the import list are calculated. Goods imported into this country are usually entered at our customs houses at "c.i.f." values, as they are termed, the "c" standing for "cost," the "i" for "insurance," and the "f" for "freight." That is to say, the goods are enhanced in value by the addition to the actual price of the commodities themselves of the cost of insuring them on their sea voyage and the cost of the carriage from their port of origin. I shall return to this point hereafter, when we come to consider what is sometimes absurdly called the "balance of trade."

This dispassionate consideration of the nature of our imports will, I am confident, calm the apprehensions of many who have entertained an honest fear of the goods which are daily brought to our shores. My purpose has been to show that, running through the whole gamut of our purchases, there is nothing to be afraid of. The fear of imports, which, as I have said, is the beginning of "Protection," is based upon nothing that is tangible. The fear is real enough, but there is no more reason for it than for the tremors of a nervous child. Not a single pound of the 462 million pounds' worth of goods imported in 1902 was thrust upon us, and we have no more cause for resentment against the foreigners and British colonists who sold them to their British importers than we have, in our every-day lives, against the tradesman who sells us articles, which, if we were put to it, we could fashion for ourselves.

We shall pass next to the consideration of how it is that we come to possess the magnificent tribute which we have just examined. I have chosen to consider our imports first because they are the most important part of the subject of over-sea commerce. *Imports are our gains in international trade.*

---

## CHAPTER VI.

### How We Pay for our Imports: The Payment by Goods.

THERE are many ways of earning one's living, or, to put it another way, there are many ways of paying for our imports. We are all importers of food and fuel, of clothing and other worldly gear, of comforts and luxuries, according to our necessities and tastes; but in what a thousand different ways we earn the right to enjoy them. How easily some people come by the means of importing; for

others, what hardships and labour win a bare subsistence. I do not say this by way of indulging in platitudes, but to remind the reader of the varied character of exports, and of the fact that visible exports are not the sole means of judging of the prosperity of an individual or of the prosperity of the congregation of individuals that constitutes a nation. A man may export, export, all day, and all the year, turning out an immense amount of work, but gaining few imports. Such a man we rightly consider unfortunate. Yet how often do we see, in the case of a nation, exports made the sole test of prosperity. With a nation as with an individual it is much safer to test prosperity by imports. We do not export for sheer love of getting rid of many valuable commodities. We do not work for the sheer love of work. We work and export (or part with the results of our work) for the pleasure of securing in exchange something that we need. If we are told that Brown is doing a splendid export trade in hardware, we congratulate Brown, not because he is parting with his hardware, but because we know that Brown sees to it that he gets in exchange for his goods a piece of paper—a bill of exchange—which he can pay into his bank to enable him to import food for his family, tobacco for his pipe, a piano for his drawing-room, a new hat for his wife, or any other commodity he may elect to purchase. The test of Brown's capacity as a business man is not the amount of hardware that he parts with, but the value of the "imports" which he ultimately receives in exchange for his hardware. If he makes a bad debt, he receives no imports, and if he is unable to get a good price for his hardware, his imports are not so large as they should be. I feel that in writing down these things to be hereafter put into type by the printer, I am again expounding the obvious and explaining the elementary. Yet I am not without hope that the reader will pardon me for reasoning about international commerce in a simple way, instead of pounding him with big words and concealing thought in the language beloved of so many economists, and rightly detested by all plain people. There is really nothing at all difficult to understand in the operations of commerce, and there is not the slightest reason why anyone should write in obscure terminology concerning it. All we have to bear in mind is that the imports and exports of a nation are the sum of a large number of individual transactions between persons on either side of a sea or political boundary line. The individual transactions need only to be understood to give the clue to the meaning of the sum of international transactions we call import and export trade. One nation does not deal with another, but an individual in one country deals with an individual in another country, and in the case of a sale of goods the respective Customs Houses of each country make a record, the one of an import, the other of an export, and so we get the figures that people wrangle over, and sometimes, I am sorry to say, distort to fit some particular pretty theory or shibboleth concerning trade. An individual in France wants a certain article. Whether he buys it in his own country or in some other country matters not one jot, so long as he gets the article he wants at the right price. In either case he becomes the possessor of it, the gainer of it that is, by virtue of the credit he possesses, which credit is the result of some work or service which he has done or that some one else has done for



him. He does his countrymen no wrong by purchasing what he wants in England or in Germany rather than in France, for if it be true that he wants the article, and is all the better for gaining it, then France has not lost but gained, by reason of the fact that a piano, or tool, or picture, or whatever it may be, has come over the border. No Frenchman has been robbed of employment by the act of importation, for it is clear that the imported article must be paid for, and there is only one way of settling the transaction, and that is by the transfer of some other article or articles made in France, not necessarily to England or Germany, but either to England or Germany or some other country with which England or Germany trades. Frenchmen buy plenty of our goods, to the extent of £22,000,000 per annum, but what do we get in exchange? Not francs, it is clear, for the reader and I have none in our pockets, and inquiry will show that our banks do not receive any. Similarly, individual Englishmen buy many goods from individual Frenchmen, but they do not send golden sovereigns across the English Channel to pay for them. You will not find any English money in the possession of Frenchmen or their bankers. International transactions, like the majority of transactions within the country, are settled not in money but in banker's drafts or bills. What ultimately passes is goods, for trade is barter, and the tokens we pass about, whether coins or cheques, or bills, are but the means of facilitating barter, enabling us to import whatever we choose in exchange for our exports.

It is important to note that if we buy or import an article from an American it does not necessarily follow that the corresponding sale or export is to an American. The reader will understand this by considering the case of an individual transaction within our own country. Let us consider the business transactions or commerce of a manufacturer of furniture. Wood is his chief raw material, and he buys or imports it from a timber merchant. He gives in return a cheque, which is a token enabling the timber merchant to import in his turn from another person, but not necessarily (or, indeed, probably) from the furniture manufacturer. The furniture manufacturer's "exports" go not to the timber merchant, but to a number of furniture dealers, who in their turn send the furniture maker cheques to enable him to import value in exchange for his wares. No money passes. The operations are simply barter, and the imports and exports of the parties are made to suit their needs by the operations of banking. Observe that timber is exported by the timber merchant to the furniture manufacturer, but that there are no exports from the furniture manufacturer to the timber merchant. That is just how it is, invariably, with the total of transactions which form the import and export figures of the Customs Houses of nations. It will be found that the United States, being our food merchant, our timber merchant, and our cotton merchant, makes much larger exports to us than we, who chiefly export manufactures, make to the United States. Our corresponding exports, like those of the furniture maker, usually go to some buyer in quite another direction, perhaps in South America or China. Such simple considerations as these show us how absurd it is to talk of a "balance of trade" between nations. The reader has doubtless seen our exports to America gravely deducted from our imports from America to show

that we had "lost" something. It would be as sensible in the individual case I have quoted to represent that the furniture maker had "lost" because his imports from his timber merchant were large and his exports to his timber merchant nil. The operations of modern banking enable us, within our own country, to import from A while we export to B. Similarly with transactions with persons outside our country, we can buy from C in the United States, and sell to D in Brazil, and leave the bankers to settle the transfers of credit. They are not settled in money, in gold or in silver, but by the passing of bills of exchange and a little book-keeping.

Let us now see what goods we export or send out of the country. The following is an analysis of our exports, in the year 1902, of our own products and manufactures only, excluding all sales of imported goods, which we have already considered and deducted from our imports in 1902 in the preceding chapters.

### BRITISH EXPORTS IN 1902.

(Of British Goods only. Values f.o.b.)

	£
Animals, Living .....	824,361
Articles of Food and Drink .....	16,439,603
Raw Materials—	
(a) Coal .....	27,581,176
(b) Others—chiefly Wool .....	3,590,440
Articles Manufactured and Partly-Manufactured—	
(a) Yarns and Textile Fabrics .....	103,336,862
(b) Metals and Articles Manufactured therefrom, except Machinery and Ships .....	42,612,141
(c) Machinery and Millwork .....	18,751,812
(d) Ships, New (not registered as British) .....	5,891,775
(e) Apparel and Articles of Personal Use .....	12,150,371
(f) Chemicals, and Chemical and Medicinal preparations .....	9,586,728
(g) All other Articles, either Manufactured or Partly- Manufactured .....	39,296,233
(h) Parcel Post .....	3,478,478
	£283,539,980

I point out at once that the values of these exports are entered by our Customs Houses at the "f.o.b." prices, "f.o.b." meaning "free on board." That is to say, the values are simply those of the goods taken to the port and placed on shipboard. Insurance and freight are not included as in the case of imports. It is important to take note of the distinction, as I shall show hereafter.

The reader will not fail to observe how much the character of our exports varies from that of our imports. We chiefly export manufactured articles and coal, and chiefly import food and materials. It will now be useful to compare the

values of imported goods and exported goods :—

### BRITISH IMPORTS AND EXPORTS IN 1902.

Imports (values c.i.f.) .....	£528,391,000
Exports of British Goods (values f.o.b.) .....	283,424,000
Exports of Goods previously Imported (values f.o.b.)	65,815,000
<hr/>	
Imports exceeding Exports by .....	£179,152,000

The reader who has closely followed our inquiry, however, will at once be struck with the fact that to deduct f.o.b. values from c.i.f. values in a comparison of this kind is not strictly accurate, for it is obvious that the £528,391,000 of imports is made up not only of the value of goods, but of cost of freight and insurance. We do most of the carrying trade at our own ports, and also do the greater part of the insurance of the goods. That part of the value of our imports, therefore, which consists of freight and insurance is really a British "export"—not an export of goods, but of services. That brings us at once to the consideration of what have been termed "invisible exports," our earnings, that is, as shipowners, bankers, &c., and to that important part of the subject I will devote another chapter.

---

## CHAPTER VII.

### How we Pay for our Imports: The Payment by Services.

AS I have already pointed out, if one has any difficulty in understanding international trade, it can usually be resolved by considering the transactions of an individual, and I can most simply explain how we pay for a great part of our enormous imports by "invisible exports" by considering an individual case. A very large number of the British people pay for their imports or purchases (or, in other words, earn their living) without exportation of any visible kind. Instead of parting with goods in payment for their imports, they give services. A barrister, for instance, may earn £500 or £5,000 a year, or, in other words, import (or have the power to import) goods valued at £500 or £5,000 a year. His exportation, so far as goods are concerned, is nil. But he exports, nevertheless, in the form of professional services, for which people are glad to pay him. How absurd it would be to represent that a fashionable K.C., earning £10,000 a year and "importing" goods to that amount per annum, is ruined because he has no visible "exports." Yet it is not a whit more absurd than the statements with which no doubt the reader is familiar, that the United Kingdom is being "ruined"



because its visible imports exceed its visible exports. The result of the simple subtraction with which I closed the last chapter is hoisted as a bogey by every Protectionist writer and every Protectionist orator. Only last year we had Mr. Seddon telling a British audience that every year we sent away over-sea 160,000,000 golden sovereigns to pay for our "balance of trade." Although many of Mr. Seddon's hearers cried "No, no," to this absurdity on the spot, I am painfully aware that this fallacy as to the export of gold is not entertained only by the Premier of New Zealand, and I therefore give the official figures of the Board of Trade for 1902 for the benefit of Mr. Seddon and others :—

**DECLARED REAL VALUE OF IMPORTS AND EXPORTS OF GOLD AND SILVER  
(BULLION AND SPECIE).**

	1902.
Imports .. .. .	£31,393,345
Exports .. .. .	26,125,206
	<hr/>
Balance imported .. .. .	£5,268,139
	<hr/>

Whereabouts in these figures are Mr. Seddon's 160,000,000 golden sovereigns ? So far from having sent out of the country sovereigns or gold for the £179,000,000, we actually imported on balance £5,268,139 of gold and silver in 1902. Indeed, it is obvious that, as we produce only about £40,000 worth of native gold per annum, and as there is no Tom Tiddler's ground in the United Kingdom where it may be picked up, we cannot pay the foreigner for his goods in money, and Mr. Seddon may calm his fears about the sovereigns.

As I have explained, all trade is barter, and the transactions in gold between nations are very small. What is exchanged is either goods or services. Just as a barrister may import goods value £10,000 a year without exporting goods, giving his services in exchange, so a nation may pay for a great part, or even the whole of its imports, by giving services in exchange for commodities sent it by other nations. It will be of interest to consider what services we perform for other nations to earn the £179,000,000 "balance of trade," or difference between our imports and exports.

In the first place, we have an enormous shipping industry, by virtue of which we rule the seas. We own one half of the world's shipping, which is to say that we do one half of the carrying trade of the world. British ships bring to our shores by far the greater part of our £528,000,000 of imports, and we have already seen that this figure includes the earnings of our ships. British ships, also, take from our shores the greater part of the £349,000,000 of exports, which figure, as we have also seen, does not include the freights so earned. Not only so, but British ships do a great part of the carrying trade between foreign ports. The enormous earnings of our ships are all "invisible exports" and we receive payment for them in the goods we import. And not only are freights earned by the British ships, but the cost of insurance is also usually due to persons in this country, and can only be paid us in imports brought by our ships. It is not an easy thing to estimate exactly what the freight and insurance—"invisible exports"

—amount to, and the amount must vary considerably from year to year, but the average freight earnings of the last five years can be hardly less than £90,000,000. I do not think that this estimate errs on the side of liberality.

It will be of further assistance to the reader if a practical instance is quoted to show how the values of imports and exports are entered in our trade returns. Let the reader imagine a transaction in which coal is exported to the Argentine Republic, and the proceeds of the sale expended by an agent in the purchase of wheat, and that wheat exported to this country. The coal is entered in our export returns at its f.o.b. price (see page 27). Let us suppose the f.o.b. value to be £1,000. It is shipped in a British vessel which earns £750 in conveying the coal to Argentina. The selling price of the coal in Argentina is not the £1,000 at which the coal was put on board ship here, but £1,750, for it is increased in value by the cost of carriage. Now let us suppose that the £1,750 is laid out by the agent in the purchase of wheat. The freight of this to England we will call £100. When the wheat arrives here the value is entered c.i.f. (*i.e.*, including insurance and freight) and the import returns show wheat imported value £1,750 plus £100, or £1,850. Thus, in a simple operation of barter, profitable to this country, the export appears as £1,000 and the import as £1,850. Of course with less bulky articles freights would be smaller and the difference not so great, but still the import would exceed the export.

In the second place we have British capital invested in every quarter of the globe, in every foreign country, and in every British possession. Income-tax is paid in this country on declared profits from certain classes only of foreign investments to the extent of £62,000,000 per annum, but the amount of interest really received is much greater than this, probably £100,000,000 per annum, representing the earnings on British investments in foreign parts of some £2,000,000,000 to £2,500,000,000 of capital sunk in railways and tramways, in docks and harbours, in Government stock, and in industrial undertakings.

In these two items alone then, we have the sum of, say, £190,000,000 of "invisible exports," but these are by no means the only items which we have to add to our exports of goods to arrive at our total exports. In addition, a considerable sum is earned in the form of bankers' and merchants' profits and commissions. Every year, again, we sell a considerable number of old ships, and the value of them does not appear in the Board of Trade Returns. Also we have to remember that a very large number of British civil servants and soldiers on foreign service make remittances to their families at home, which remittances arrive, of course, not in cash, but in the form of imports.

Taking these and other things into consideration it is probable that in 1902 our exports, visible and invisible, *i.e.*, the value of the goods sold, plus the services rendered to persons over-sea, amounted to as much as £575,000,000. Deducting our imports of £528,000,000 from this we arrive at an excess of exports of £47,000,000 in 1902, which is probably not far from the truth. This means in practice that, so far from importing more than we are able to pay for, *we do not import all the value that we earn*, the balance going to swell the indebtedness of foreign nations and our Colonies to ourselves. It follows, therefore, that our excess of visible

imports *must continue to increase*, and that the faster it increases the better for us.

Need we fear that there will ever come a time when we shall be unable to pay for imports? No. Those who are possessed by such a fear are entertaining the fallacy to which I have already referred, viz., that nations trade with nations. I repeat that so-called "international" trade consists of a multitude of transactions between individuals in different countries. When A in America sells timber to B in England, A takes care to find out first of all that B is of good credit. Unless B is of good rating A does not part with his timber. The same is true of the tens of thousands of individual transactions between foreign exporters and British importers which take place every year. The fact that we actually received £528,000,000 of goods in 1902 is, therefore, sufficient proof that they were paid for. Nothing is more absurd than the Protectionist fear that the people of this country may purchase more from other countries than they can afford; we can trust the foreigner or Colonist at least to see that he deals with people of good credit.

---

## CHAPTER VIII.

### "Ties of Interest": The Taxation of Food and Materials.

IN May, 1902, the Colonial Premiers were about to visit this country to attend the Coronation ceremonies, and it had been declared by the Colonial press that they would take the opportunity to urge, nay, in some cases, to demand, preferential treatment for Colonial goods at the hands of the mother country. On the 16th of that month Mr. Chamberlain, as I have already pointed out, encouraged the Colonial delegates in their demands by a speech, the keynote of which was the following remarkable passage:—

"At the present moment the Empire is being attacked on all sides, and in our isolation we must look to ourselves. We must draw closer our internal relations, the ties of sentiment, the ties of sympathy—yes, and the ties of interest. If by adherence to economic pedantry, to old shibboleths, we are to lose opportunities of closer union which are offered us by our Colonies—if we are to put aside occasions now within our grasp—if we do not take every chance in our power to keep British trade in British hands—I am certain that we shall deserve the disasters which will infallibly come upon us."

In this passage the reader will find no plea for "inquiry." We "must" create ties of interest. "I am certain that we shall deserve the disasters which will infallibly come upon us." Here is no uncertain sound. The great statesman had obviously made his inquiry, examined his facts, consulted all possible means of information, and arrived at a conclusion no less decisive than momentous. His supporters, therefore, now do him rank injustice in urging the necessity for



an "inquiry." They insinuate that Mr. Chamberlain spoke without knowledge, for if they are themselves in the dark, they have only to appeal to him for the priceless collection of facts upon which, doubtless, he based his statement of May, 1902. It is our lot to pursue our inquiry without Mr. Chamberlain's assistance, and our next task is to consider the reasonableness and propriety of the suggestion that "ties of interest" can be forged for the security and welfare of the British Empire.

Byron, who had a considerable insight into human nature, pointed out, in deathless verse, the unwisdom of dipping one's hand into a fellow-creature's breeches pocket. Now, it is quite clear that if "ties of interest" are to be created to bind our Colonies to our side, some one's pocket has got to suffer. If we are to make it "worth their while," who is to pay the bribe? Mr. Chamberlain was driven to make this clear in the House of Commons on May 28th, 1903, when, after much questioning, he admitted that there was only one way to give the Colonies a tariff preference, and that was to tax foreign raw material and foreign food. His exact words were: "The Preference must be given either on raw materials or on food, or on both." He then proceeded to qualify this remark by observing that owing to the difficulty of adjusting drawbacks on exports the idea of taxing raw materials was abandoned, with the result that only one course remained. To use the Colonial Secretary's own phrase, "We must put a tax on food." I am tempted to make another quotation:—

Sir Robert Peel, June, 1846:—

"It may be that I shall leave a name sometimes remembered with expressions of goodwill in those places which are the abode of men whose lot it is to labour and to earn their daily bread by the sweat of their brow—a name remembered with expression of goodwill when they shall re-create their exhausted strength with abundant and untaxed food, the sweeter because it is no longer leavened with a sense of injustice."

Mr. Joseph Chamberlain, May 28th, 1903:—

"If you are to give a preference to the Colonies—I don't say that you are—you must put a tax on food. I make the hon. gentleman opposite a present of that."

Passing by this pitiable contrast, we may note Mr. Chamberlain's revelation of what he conceives to be the true function of our enormous imports of material. "If a tax," he said, "were put on raw material it would have to be accompanied by drawbacks on the finished exports." Apparently it did not occur to Mr. Chamberlain that our chief reason for importing material is not to manufacture it for the foreigner, but to manufacture it for our own people. "Drawbacks on exports" would merely lead to goods being made more cheaply for the foreigner than for the home consumer. Let the reader of these lines consider the materials of his clothes, his house, and his furniture, and again look at the items on pages 14, 15, and 17. Apart from bricks and mortar he will find that without imported material he would be lacking the greater part of the comforts he enjoys. Such considerations, apparently,



do not appeal to the Colonial Secretary, but difficulties as to "drawbacks on exports" presenting themselves, he reluctantly abandons materials and administers cold comfort by the phrase, "You must put a tax on food."

The analysis we have already made shows exactly what proportions of our imported food supplies we receive from our Colonies and foreign countries respectively.

Leaving liquor out of the question the 1902 figures are :—

#### OUR FOOD IMPORTS IN 1902.

From foreign countries .. .. .	£172,574,420
From British possessions .. .. .	43,159,970
	<hr/>
	£215,734,390

Taking the question in its broadest aspect, therefore, we see that four-fifths of our imported food is derived from foreign lands. A very large amount of food is produced in the United Kingdom; it is difficult to say how much, but the value, probably, including the food value of pastures, is not less than £300,000,000. Mr. Chamberlain's proposal is to tax four-fifths of our imported food for the benefit of the producers of the remaining fifth, the idea being, as I have already pointed out, that by increasing the price of food in this country it will be better worth the while of our Colonists to grow food for our markets, as they will be enabled to get a higher price. At the same time a bonus would be given to our home food producers (or their landlords), for they too, would be enabled to raise their prices by at least the amount of the duty. An attempt is sometimes made to show that the foreign exporter pays the duty and not ourselves. Some pertinent questions put to ministers in the House of Commons should finally dispose of that delusion. In reply to a number of questions in the month of July, the particulars were extracted, item by item, as to the price of corn in France, Germany, and Italy, at the end of June, 1903. The official replies are summarised in the following table :—

PRICE OF WHEAT IN VARIOUS COUNTRIES IN JUNE, 1903.

	Price of Wheat per Quarter.	Import Duty per Quarter.	Price Without the Duty.
	s. d.	s. d.	s. d.
Italy .. ..	44 2	75 lire per 1,000 kilos. } = 13 1	31 10
France .. ..	40 8½	7 francs per 100 kilos. } = 12 2½	28 6
Germany ..	35 6	50 pfgs. per 100 kilos. } = 7 7½	27 11½
United Kingdom	27 6	1 0	26 6

This table shows most clearly that not only do French, German, and Italian consumers pay the whole amount of the duty, but something more. The German pays the duty of 7s. 7½d. and 1s. 5½d. more; the Frenchman pays the duty of 12s. 2½d. and 2s. more; the Italian, poorest and most unfortunate of all, pays the

duty of 13s. 1d. and 4s. 7d. more.

Mr. Geo. J. S. Broomhall, the Editor of the "Corn Trade Year Book"—a recognised authority—gives the following figures taken from the annual reports of the British and French agricultural authorities :—

### OFFICIAL PRICE OF WHEAT.

Average of the year (native produce) for the years when France has been an importer.

	French Price.	English Price.	French Excess over English Price.	French Duty.
	s. d.	s. d.	s. d.	s. d.
1890 .. ..	44 1	31 11	12 2	8 9
1891 .. ..	47 10	37 0	10 10	8 9
1892 .. ..	41 6	30 3	11 3	8 9
1893 .. ..	37 9	26 4	11 5	8 9
1894 .. ..	34 6	22 10	11 8	8 9
1897 .. ..	43 9	30 2	13 7	12 2

In all these years, when France had to import a substantial share of her wheat consumption (10 per cent. to 20 per cent.), the French consumer *paid the duty and something more*. Of course, in years when France produces as much or more wheat as she requires (as in 1895, 1896, 1898, 1899, 1900, and 1901), her wheat prices may be about the same as in Free Trade England. In such years the duty is non-existent, for there are no imports, just as a duty on the import of coal in this country would not affect the price of coal because we do not import coal. But *we must import wheat every year*, and, therefore, we should have to pay the duty and more, as France did in the years shown in the table above.

It is most important to note that if we placed a duty upon foreign food we should raise the price, not of the foreign supplies alone, but of the Colonial and home-grown supplies also. Our home production of food is valued at about £300,000,000, including food for both man and beast, so that our total food supplies are as follows :—

### BRITISH FOOD CONSUMPTION IN 1902.

(For man and beast.)

Food imported from foreign countries .. ..	£172,574,420
Food imported from British possessions .. ..	43,159,970
Home-grown food (say) .. ..	300,000,000
	<hr/>
	£515,734,390

It is by no means improbable that a policy of preferential tariffs would eventually raise the price of all this food, whether for man or beast. But let us assume that, in accordance with the hints which have been vouchsafed us, a duty is levied upon

grain and meat alone. Our imports of grain in 1902 were as follows :—

#### GRAIN IMPORTS INTO THE UNITED KINGDOM IN 1902.

	From foreign countries.	From Colonies.
	Cwts.	Cwts.
Corn, Grain, &c. :—		
Wheat, and Flour in equivalent weight of grain .. .. .	82,485,481	25,442,220
Barley .. .. .	25,107,646	93,191
Oats .. .. .	15,262,351	594,816
Rye .. .. .	756,503	391,008
Buckwheat .. .. .	78,501	470
Peas, Beans, and Lentils .. .. .	2,698,144	1,723,784
Maize .. .. .	44,089,824	403,153
Rice, meal, and flour .. .. .	1,416,405	3,981,905
Oatmeal and Groats .. .. .	399,495	61,452
Miscellaneous .. .. .	3,913,151	2,582,663
Cwts.	176,207,501	35,274,662

Let us also assume that the duty is the modest one (for a beginning) mentioned by certain inspired articles, viz., 2s. per quarter. This is nearly equivalent to 6d. per cwt. (1 cwt. = 112lbs.; 1 quarter = 480lbs.) Our home production of corn, grain, &c., in 1902, amounted to 160,000,000 cwts. Therefore, we get a total consumption in 1902 as follows :—

#### CORN AND GRAIN CONSUMED IN THE UNITED KINGDOM IN 1902.

	Cwts.
From foreign countries .. .. .	176,000,000
From British possessions .. .. .	35,000,000
Home grown .. .. .	160,000,000
Cwts ..	371,000,000

At 6d. per cwt. the extra cost to the consumer would be £9,275,000, but the revenue would gain only 6d. per cwt on the *foreign* supply, viz., £4,400,000, and our Colonists would only gain 6d. per cwt. on *their* supply, viz., £875,000. This is made clearer by a table :—

#### RESULT OF A 2s. CORN AND GRAIN DUTY.

Increase in price to British consumer, 371 million cwts.	£
at 6d. .. .. .	9,275,000
Revenue received by Treasury, duty on 176 million foreign cwts. at 6d. .. .. .	4,400,000
Gain to British Colonists, 6d. per cwt. on 35 million cwts. .. .. .	875,000

Let us now examine the case as to meat. Our imports of meat in 1902 were

as follows :—

#### IMPORTS OF MEAT INTO UNITED KINGDOM IN 1902.

	From Foreign Countries.	From British Possessions.
	£	£
Bacon .. .. .	12,224,000	1,203,000
Beef .. .. .	7,553,000	596,000
Hams .. .. .	3,438,500	420,500
Mutton (fresh) .. ..	3,152,000	3,763,000
Pork .. .. .	1,728,500	23,500
Rabbits .. . . .	314,000	420,000
Other Meats. . . . .	3,430,000	555,000
Poultry and Game ..	1,035,000	24,000
Animals for Food ..	6,554,000	1,761,000
	£39,429,000	£8,766,000

Our home production of meat is much larger than our imports, and is estimated to be worth £60,000,000 per annum. We will assume that (again for a beginning) a mere 5 per cent. is levied on foreign meat. The total British consumption is as follows :—

#### MEAT CONSUMED IN UNITED KINGDOM IN 1902.

From Foreign Countries .. .. .	£39,000,000
From British Possessions .. .. .	9,000,000
Home raised (say) .. .. .	60,000,000
	<u>£108,000,000</u>

At 5 per cent. the extra cost to the consumer would be £5,400,000, but the revenue would gain only 5 per cent. on the *foreign* supply, viz., £1,950,000, and our Colonists would gain only 5 per cent. on *their* supply, viz., £450,000. To tabulate :—

#### RESULT OF 5 PER CENT. MEAT DUTY.

Increase in price to British consumer, 5 per cent. on	
£108,000,000 .. .. .	£5,400,000
Revenue received by Treasury, 5 per cent. on value of	
foreign meat (£39,000,000) .. .. .	1,950,000
Gain to British Colonists, 5 per cent. on £9,000,000 ..	450,000

These considerations have so much force that attempts are being made to show that the loss inflicted upon the consumer can be made up to him by a relaxation of the tea, sugar, and tobacco duties! The reference to sugar is simply astounding in view of the fact that Mr. Chamberlain has just sacrificed the British sugar consumer to the British West Indian sugar planters, a rise of  $\frac{1}{2}$ d. per pound being the least that may be expected from the operations of the Brussels Sugar Convention, which will compel us either to place



a countervailing duty upon bounty-fed sugar or exclude it altogether. As for tea and tobacco, let the reader note how much the Treasury gains from the suggested meat and bread taxes. While the consumer pays on every pound, the Chancellor of the Exchequer *only receives duty on the foreign supplies*. The duties, as we have seen, would yield the revenue:—

From 2s. corn and grain duty .. .. .	£4,400,000
From 5 per cent. meat duty .. .. .	1,950,000
Total addition to revenue through corn and meat duties	<u>£6,350,000</u>

But Mr. Chamberlain would not merely have to give £6,350,000 back to the consumer of tea or tobacco to square the account. The loss to the consumer would be:—

On corn and grain .. .. .	£9,275,000
On meat .. .. .	5,400,000
Extra cost of bread and meat to consumer .. ..	<u>£14,675,000</u>

We therefore get:—

Loss to consumer on corn and meat duties .. ..	£14,675,000
Amount of revenue gained from corn and meat duties with which to remit other food taxes .. ..	6,350,000
Loss to consumer after reduction in tea or tobacco	<u>£8,325,000</u>

In view of the results of this simple arithmetic, Protectionists have put forward yet another suggestion, viz., that a duty on imports of manufactured goods would yield the revenue a sum sufficient to cover the balance of £8,000,000 shown above. It is only necessary, it is represented, to levy 10 per cent. on foreign manufactured articles and the Chancellor of the Exchequer would gain enough to entirely sweep away all the duties on tea, sugar, coffee, cocoa, and dried fruits! The proposition is as untenable as the other. A 10 per cent. duty on manufactured articles would cost the consumer 10 per cent. on his clothes, 10 per cent. on his furniture, 10 per cent. on every article he needs. The whole object of protective duties is to raise prices for the benefit of the home producers of the articles taxed.

No; the simple truth is that under Mr. Chamberlain's scheme the consumer cannot escape. And let it be not supposed that a 2s. duty on corn or a 5 per cent. duty on meat, or a 10 per cent. duty on manufactures would content either our Colonists abroad or our Protectionists at home. They would be but the thin end of the wedge. A 2s. corn duty would do little for Colonial wheat growers. To have any substantial effect upon commerce, to give our Colonists a preference worth anything, the duty would have to be at least 10s. per quarter. That would cost the consumer here £46,000,000.

But that is not all. Let us see who, precisely, would benefit in our Colonies. Take, first, the case of our self-governing Colonies, which Mr. Chamberlain says we must (if need be by sacrifice) bind to our side by "ties of interest." The following

table examines the figures relating to the chief imports of food so far as the self-governing Colonies are concerned :—

**THE CHIEF FOODS WHICH WE IMPORTED FROM THE SELF-GOVERNING COLONIES IN 1902.**

	Values in Thousands of £.						
	Canada.		Australia. (A year of drought.)		New Zealand.		South Africa.
Wheat .....	3,194	..	1,483	..	53	..	—
Cheese .....	4,301	..	—	..	131	..	—
Butter .....	1,347	..	402	..	781	..	—
Meat :							
Bacon, Hams, and							
Pork .....	1,645	..	—	..	1	..	—
Beef .....	92	..	312	..	428	..	—
Mutton .....	—	..	568	..	3,272	..	—
Rabbits .....	—	..	246	..	173	..	—
Cattle, Sheep, and							
Lambs .....	1,730	..	—	..	—	..	—
Fish .....	1,072	..	—	..	—	..	—
	<hr/>		<hr/>		<hr/>		<hr/>
	13,381		3,011		4,839		—

So that, by taxing food, and food alone, to cement the Empire we should simply be offering an advantage to Canada, who, it will be seen by my table, supplies us with nearly twice as much food as all the other self-governing Colonies put together. In 1902, a year of drought in Australia, the Commonwealth supplied us with only £3,000,000 worth of food, while New Zealand sent us nearly £5,000,000 worth. These quantities are simply trifling in relation to the extent of our total food supplies, but it is important to note that, as between the Colonies themselves, the variation in interest is considerable. 750,000 New Zealanders would get a Preference on £5,000,000, while 4,000,000 Australians would get a bonus on £3,000,000. As for South Africa, the case in which Mr. Chamberlain is, or should be, most interested, we receive only a little wine and food from the Cape. As for Canada itself, our bonus in food would suit agricultural Canada, but the *quid pro quo*, the Canadian preference for British goods, but serves to irritate industrial Canada, which demands Protection. Even the present preferential tariff (*a small reduction on duties chiefly aimed at ourselves*) has caused much dissatisfaction to many Canadian manufacturers, which has repeatedly found public expression. Mr. Monk, the member for Jacques Cartier, asked, in March, 1902, whether

We are to continue being made the slaughter market for the great manufacturers of Europe. At present under the preferential clauses we are sacrificed to the great manufacturers of Great Britain. . . . Ready and willing as we were to give Great Britain a Preference, we were not prepared to grant such a Preference as would imperil in any way our own great industrial interests.

Mr. Tarte, a Canadian minister, wrote to Sir Wilfrid Laurier, in October, 1902, as follows :—

The interests of the Canadian people make it our duty to revise, without delay, the tariff of 1897, with the view of giving a more adequate protection.

As for the Canadian Government itself, in an official memorandum prepared

a few months ago, the following appeared :—

The Canadian Government has been attacked by Canadian manufacturers on the ground that the Preference is seriously interfering with their trade. The woollen manufacturers have been foremost in the attack, and they have made very bitter complaints to the effect that the industry is threatened with ruin through the severe competition from Britain brought about by the operation of the Preference.

Moreover, it is on record that the Canadian Finance Minister, in a statement made to the Dominion Parliament in April, 1903, remarked that at the time of the 1902 Conference in London, Mr. Fielding frankly told the Colonial Secretary that, while his Government were prepared to rearrange their tariff so as to give Great Britain a preference over the foreign competitor, they were not prepared, as between the British and the Canadian manufacturer, to make any further reduction in their tariff which would operate to the advantage of the former.

But to leave the sectional interests of Canada out of the question, how could we redress the balance as between Canada and our other colonies? In spite of Mr. Chamberlain's disclaimer, we should soon find it necessary, in common fairness, to atone for the undue favour given to Canada by taxing raw materials on behalf of the other Colonies. That would enable us to favour Australasian and South African wool (to the destruction of our woollen and worsted industries), which in turn would doubtless lead to a demand for a Preference for Canadian timber and wood pulp as against European supplies. However we rang the changes on the tariff it is certain that we could not devise taxes which would confer anything like equal benefits upon our possessions, and to confer unequal benefits would be to create intense and not unnatural dissatisfaction.

---

## CHAPTER IX.

### "Ties of Interest": Where British Trade is Done.

IN my analysis of imports I carefully divided the respective shares of foreign and Colonial trade. It is now of interest to consider our import and export trade as a whole :—

#### BRITISH OVER-SEA TRADE IN 1902.

Imports.				
From foreign countries	..	..	..	£421,598,241
From British possessions	..	..	..	106,793,033
				<hr/> £528,391,274

**Exports of British Goods.**

To foreign countries	..	..	..	..	£174,395,355
To British possessions	..	..	..	..	109,028,611
					<hr/> £283,423,966 <hr/>

**Exports of Goods Previously Imported.**

To foreign countries	..	..	..	..	£57,331,942
To British possessions	..	..	..	..	8,482,871
					<hr/> £65,814,813 <hr/>

**Total Exports.**

To foreign countries ..	..	..	..	..	£231,727,297
To British possessions	..	..	..	..	117,511,482
					<hr/> £349,238,779 <hr/>

**Total Trade (Imports and Exports together).**

With foreign countries	..	..	..	..	£653,325,538
With British possessions	..	..	..	..	224,304,515
					<hr/> £877,630,053 <hr/>

A glance at these figures will show how overwhelmingly important is the foreign part of our commerce. Not only do we derive the greater part of our indispensable imports from foreign lands, but our export trade is transacted chiefly with places outside the Empire. It will be seen that our total trade in goods in 1902 was valued at £877,000,000, of which £653,000,000 was transacted with foreign countries and £224,000,000 with British possessions. Let us clearly realise, therefore, that in attempting by artificial means to divert trade from foreign to Colonial channels we should be dislocating three-fourths of our commerce with the object of increasing the remaining fourth. I say "with the object," because it by no means follows that any tampering with the natural channels of trade would carry that object into effect. In matters of trade it is axiomatic that, to quote Mr. Barrie's inimitable butler, "whatever is natural is right." The effect of duties, even of small ones, cannot be gauged in advance. That is why Protectionist countries are always tinkering their tariffs. It is quite the usual thing for a duty to leave unsatisfied the very industry which it was enacted to encourage, while it inflicts unmerited discomfiture upon others which no one imagined it could possibly injure. Merely to give preferential duties to our Colonies would by no means ensure that our trade with our Colonies would increase. In so far as Colonial food producers were concerned they would, perhaps, make immediate gains, but the general depression of trade that would follow would soon reduce the purchasing power of the United Kingdom, and our Colonies would find that they had killed the goose that laid the golden eggs. Our Colonies should remember that we are rich, not because of our trade with them, but because of our trade with the world.



If they will have us dislocate the greater part of our trade to please them, I assure them the British market will soon cease to be as attractive as at present.

It will now be useful to examine the details of our trade with the world at large. The following tables show (a) British trade with British possessions (b) British trade with foreign nations, and (c) British trade with British possessions contrasted with that with foreign nations.

### (A) BRITISH TRADE WITH BRITISH POSSESSIONS IN 1902.

British Possessions.	Imports from (c.i.f.)	British Exports to (f.o.b.)	Exports of Imported Goods to (f.o.b.)	Total.
<b>Self-governing Colonies—</b>				
	£	£	£	£
Canada .....	22,964,537	10,345,256	1,650,621	34,960,414
Newfoundland .....	643,367	375,069	70,100	1,088,536
Cape of Good Hope .....	5,123,609	16,737,847	1,420,343	23,281,799
Natal .....	530,138	7,698,892	585,799	8,814,829
Australia .....	19,734,017	19,530,118	1,999,288	41,263,423
New Zealand .....	10,883,648	5,677,576	481,309	17,042,533
	£59,879,316	£60,364,758	£6,207,460	£126,451,534
<b>Other Possessions—</b>				
India .....	28,724,006	32,681,979	809,056	62,215,041
Straits Settlements .....	6,052,730	2,744,555	59,961	8,857,246
Ceylon .....	4,386,926	1,446,382	63,488	5,896,796
West Indies .....	2,149,223	2,009,101	225,006	4,383,330
Hong Kong† .....	610,398	2,136,202	138,015	2,884,615
Gold Coast .....	298,387	1,029,236	145,054	1,472,677
Lagos .....	380,866	574,263	37,468	992,597
Niger .....	1,164,303	690,720	138,784	1,993,807
Sierra Leone .....	129,426	349,402	25,242	504,070
Channel Islands* .....	1,403,519	1,002,762	222,853	2,629,134
Gibraltar .....	32,740	788,234	75,118	896,092
British Guiana .....	540,481	619,214	70,807	1,230,502
Malta .....	56,243	1,195,830	130,527	1,382,600
Mauritius .....	243,274	398,847	37,505	679,626
Other Places .....	741,195	997,126	96,527	1,934,848
	£106,793,033	£109,028,611	£8,482,871	£224,304,515

\*Few people are aware that £2,629,000 of what is commonly called "Imperial" trade is done with the Channel Islands.

† This is really foreign trade with China.

In Table A, which examines our exchange of commodities with the different parts of the Empire, I have divided the self-governing Colonies from the other British possessions. The Colonial Secretary in his Zollverein speeches deliberately ignores the existence of India and the other British dependencies. He does so in spite of the fact revealed by my table that half our inter-Imperial trade is done with possessions which have not self-government, and which are under our direct control. We have no "empire" over Canada or Australia, but our rule of India is absolute, and that absolute rule carries with it a direct and grave responsibility for the welfare of the 300,000,000 British subjects of India. Of our total trade with British possessions (£224,000,000) no less than £62,000,000 is done with India, the trade of which means as much to us as that of Canada and South Africa

**(B) BRITISH TRADE WITH FOREIGN NATIONS IN 1902.**

Country.	Imports from (c.i.f.)	British exports to (f.o.b.)	Exports of imported goods to (f.o.b.)	Total.
	£	£	£	£
U. S. A. ....	126,961,601	23,760,913	19,320,160	170,042,674
France .....	50,642,928	15,587,300	6,688,421	72,918,649
Germany .....	33,633,956	22,850,295	10,244,270	66,728,521
Holland .....	34,842,528	8,445,915	4,625,216	47,913,659
Belgium .....	26,538,759	8,409,659	4,210,092	39,158,510
Russia .....	25,673,958	8,635,393	5,257,389	39,566,740
Argentina .....	14,022,249	5,871,096	251,003	20,144,348
Spain .....	14,285,856	4,785,214	580,959	19,652,029
Egypt .....	13,764,567	6,161,627	107,070	20,033,264
Denmark .....	15,556,780	3,621,866	412,031	19,590,677
Sweden .....	9,567,844	4,275,033	765,775	14,608,652
Italy .....	3,582,246	7,409,984	683,765	11,675,995
Japan .....	1,898,919	5,065,526	211,115	7,175,560
Brazil .....	6,207,879	5,389,956	259,996	11,857,831
China .....	2,407,207	7,142,021	46,789	9,596,017
Norway .....	5,408,650	2,919,492	417,240	8,745,382
Chili .....	4,524,376	2,839,254	223,512	7,587,142
Austria .....	1,339,758	1,922,997	588,489	3,851,244
Turkey .....	6,238,551	6,113,740	290,123	12,642,414
Roumania .....	7,692,146	1,224,356	128,043	9,044,545
Portugal .....	3,411,173	1,840,636	417,541	5,669,350
Greece .....	1,649,648	1,716,317	69,427	3,435,392
Philippine and Ladrone Islands	2,251,289	813,620	40,872	3,105,781
Mexico .....	305,206	2,170,945	172,944	2,649,095
Other Countries .....	9,190,167	15,422,200	1,319,700	25,932,067
	£421,598,241	£174,395,355	£57,331,942	£653,325,538

put together. Adding Ceylon and the Straits Settlements, our trade with the British East Indies amounts to nearly £77,000,000 out of £224,000,000, the total of our trade with all other parts of the Empire.

By this important fact we are reminded how much unreality underlies all the vague talk about "Free Trade within the Empire." It is only our self-governing Colonies which shut their doors against us. The tariffs of the other parts of the Empire are under our control, and are revenue and not protective tariffs.

As for the self-governing Colonies, they do not suggest a Free Trade Empire. It is not a true Zollverein, unfortunately, which finds favour in the Colonies. When the German States founded the Zollverein (*i.e.*, Customs Union), which is so often held up for our admiration, they entirely abolished their tariff barriers against each other, and Free Trade rules within the great area which owns the Prussian King as German Emperor. Are our Colonies prepared to treat England as Bavaria treated Prussia? Will Canada and Australia abolish their Protective duties, and give the open door to our manufactures? They would be wise to do so. Canada's chief interests still lie in her agricultural, pastoral, and mining industries, but she handicaps them by a false ambition to establish iron and other trades before their normal time. The Canadian farmer is fined when he buys a plough, and fleeced when he buys clothes. He complains bitterly, but has no redress, for power is with those who are interested in manufacturing. Not only is Canadian iron manufacture protected by duties, but upon every ton of pig iron manufactured in Canada from Canadian ore a heavy bounty is paid. This bounty has now been

in force for a considerable period, but are the Canadian iron men satisfied? To ask the question is to answer it. The protected manufacturer, like Oliver Twist, wants "more," and if he can pull the Parliamentary strings he gets it. As I write, the following messages come from Canada through Reuter's agency:—

### CANADIAN BOUNTIES.

OTTAWA, *July 9th*, 1903.

The Government proposals for the assistance of the iron industry in Canada are, a bounty of \$6 per ton for the manufacture of wire rods to be used in Canada for further manufacture, and of \$3 per ton on angles, beams, other structural ironwork, and on large steel plates. These are not at present made in Canada, but the Dominion Steel Company is erecting plant for their manufacture. The present bounty on pig iron and steel billets will be maintained, and will not be decreased by the sliding scale until next year.

The Government has decided to grant a bounty to Canadian manufacturers of binder twine equivalent to the Philippine export duty on Manila fibre. It will not exceed three-eighths of a cent. per pound.

ROSSLAND, *July 9th*, 1903.

The Dominion Government has authorised a bonus on lead amounting to \$500,000 a year for five years by way of bounties to producers of lead in British Columbia.

Who pays these handsome bounties to swell the profits of private individuals? The same people who pay the duties which already exist on British exports to Canada of the articles named in the above message, viz., the Canadian consumer. What an object-lesson for the people of this country!

Unhappily the Australian Commonwealth has also established a Protective tariff, which is chiefly aimed at British goods. What I have said of Canada is true of Australia also. Before the Commonwealth, New South Wales, the premier colony, prospered under Free Trade, and so might prosper Australia as a whole. There is some little hope that the forthcoming Federal elections will relieve the Commonwealth of the incubus they have themselves fashioned. The situation is well summed up by the Melbourne correspondent of the *Standard*, who says:—

The Federal elections to be held here next December will turn upon the question of Protection and Free Trade. Mr. Reid, the Leader of the Opposition, has declared that he does not care to take office except he can do so at the head of a party empowered to reduce the Protective duties in the tariff to a revenue basis. . . . The Protectionist Party, on the other hand, are anxious to avoid a renewal of the fiscal struggle. They know they can get no mandate from the people to increase the duties at present. They prefer to wait till vested interests have sprung up, as they always do, round a Protective tariff. Then will the clamour for increased Protection begin, and in the end prevail, as it has always done in Protective States.

It must not be supposed that the Protectionist Party, though rejoicing that England appears to be prepared to adopt Protection, will be ready to make any concessions in regard to duties on British manufactures. *It is the British manufacturer they fear.* Had it not been for the efforts of the Free Trade Party the duties on British manufactures would have, in many cases, been twice as high as now. It is British hats, woollen goods, apparel, starch, furniture, and tobacco that the Australian Protectionist fears.

Mr. Chamberlain said at the conference of Premiers that it was no use giving England an apparent preference over other countries if the Colonies still maintained an effective Protection in favour of the home manufacturer. The Australian Protectionist will insist, if he have the power, on maintaining and increasing that effective Protection against British goods.

What the Australian Protectionist hopes is that the United Kingdom will impose duties on the food products and raw materials received from foreign countries, and remit them in the case of her Colonies. That he will joyfully accept, and he would also gladly increase the duties on manufactured goods received from foreign countries, but he will not reduce those duties in favour of England.

The Press of Australia is, on the whole, opposed to the new departure. The general tone is that Australia has not asked the mother-country to enter into a war of tariffs on behalf of the Colonies, and if she does so it will watch the result with many misgivings and little hope.

The practical effect of the proposals here will be to strengthen the hands of the Protectionist Party, which has always done its best to shut out the manufactures of England from Australia.

Quite so; the new Protectionist movement in this country is a direct encouragement to our Colonists to be Protectionists. We place ourselves in a false position when we claim duties for ourselves while asking our Colonists to

### (C) BRITISH TRADE WITH FOREIGN COUNTRIES AND BRITISH POSSESSIONS IN 1902. A CONTRAST.

Nation or Colony.	TOTAL TRADE, (i.e. imports and exports.)
	£
U.S.A. .. .. .	170,042,674
France .. .. .	72,918,649
Germany .. .. .	66,728,521
India .. .. .	62,215,041
Holland .. .. .	47,913,659
Australia .. .. .	41,263,423
Russia .. .. .	39,566,740
Belgium .. .. .	39,158,510
Canada .. .. .	34,960,414
Cape of Good Hope .. .. .	23,281,729
Argentina .. .. .	20,144,348
Egypt .. .. .	20,033,264
Spain .. .. .	19,652,029
Denmark .. .. .	19,590,677
New Zealand .. .. .	17,042,533
Sweden .. .. .	14,608,652
Turkey .. .. .	12,642,414
Brazil .. .. .	11,857,831
Italy .. .. .	11,675,995
China .. .. .	9,596,017
Roumania .. .. .	9,044,545
Straits Settlements .. .. .	8,857,246
Natal .. .. .	8,814,829
Norway .. .. .	8,745,382
Chili .. .. .	7,587,142
Japan .. .. .	7,175,560
Ceylon .. .. .	5,896,796
Portugal .. .. .	5,669,350
West Indies .. .. .	4,383,330
Austria .. .. .	3,851,244
Greece .. .. .	3,435,392
Philippine and Ladrone Islands .. .. .	3,105,781
Hong Kong .. .. .	2,884,615
Mexico .. .. .	2,649,095
Channel Islands .. .. .	2,629,134
Niger .. .. .	1,993,807
Gold Coast .. .. .	1,472,677
Malta .. .. .	1,382,600
British Guiana .. .. .	1,230,502
Newfoundland .. .. .	1,088,536
Lagos .. .. .	992,597
Gibraltar .. .. .	896,092
Mauritius .. .. .	679,626
Sierra Leone .. .. .	504,070
Other Foreign Nations .. .. .	25,932,067
Other British Possessions .. .. .	1,934,848
	£877,630,053

relax theirs in our favour. Are our brethren over the seas children, that we should show so much contempt for their intelligence as to ask them to reduce their barriers while we are raising our own?

No; as Free Traders, as men who honestly believe that trade finds its most



profitable channels without the existence of duties, we can approach our Colonies with a clear conscience and advise them for their own good to adopt Free Trade. An emasculated Zollverein, a halting scheme of preferential tariffs, is a delusion and a sham. It is Protection masquerading in Imperial garments; it is the latest alias of a discredited policy.

Table B gives details of our trade with foreign countries. The United States heads the list, being our indispensable supplier of corn and bread, cotton and timber, and a hundred other useful things. It should not be forgotten, in reading this table, that it is not possible to show details with exactitude. Switzerland does not figure in the list at all, having no seaboard, and a considerable amount of our trade with Germany, Austria, and Switzerland passes through Belgium and Holland.

Table C takes the totals of Tables A and B and contrasts them, showing at a glance where our chief trading interests lie. The broad facts are that 80 per cent. of our import trade and 60 per cent. of our export trade is transacted with foreign nations.

A widespread impression exists that "Trade follows the Flag," and that our commerce with British possessions increases at a much greater rate than that with foreign countries. This impression is demonstrably untrue. It is the simple fact that not only is our present trade transacted as to three-fourths of its bulk with foreign nations, but that this proportion has remained almost constant during half a century. This is the more remarkable in view of the constant expansion of our Empire.

The following tables were prepared by the late Lord Farrer, and first published in an article in the *Contemporary Review* in 1898, to illustrate the persistency of ratio between our foreign and Colonial trade, to which I have referred. The tables have been brought down to date. First as to imports:—

#### BRITISH IMPORTS FROM FOREIGN COUNTRIES AND BRITISH POSSESSIONS.

Annual Averages.	From Foreign Countries.		From British Possessions.		Total.
	Million £.	Per Cent.	Million £.	Per Cent.	Million £.
1855-59	129	76·5	40	23·5	169
1860-64	167	71·2	68	28·8	235
1865-69	218	76·0	68	24·0	286
1870-74	270	78·0	76	22·0	346
1875-79	292	77·9	83	22·1	375
1880-84	312	76·5	96	23·5	408
1885-89	293	77·1	87	22·9	380
1890-94	323	77·1	96	22·9	419
1895-99	355	78·3	98	21·7	453
1900	414	79·1	109	20·9	523
1901	416	79·7	106	20·3	522
1902	421	79·7	107	20·2	528

So far from our Colonies supplying us with a greater proportion of our requirements than of yore, it will be seen that, although fairly constant, the ratio

of their exports to this country has slightly decreased of late years.

Next as to exports :—

**BRITISH EXPORTS (HOME PRODUCE ONLY) TO FOREIGN COUNTRIES AND  
BRITISH POSSESSIONS.**

Annual Averages.	To Foreign Countries.		To British Possessions.		Total.
	Million £.	Per Cent. of total.	Million £.	Per Cent. of total.	Million £.
1855-59	80	68·5	36	31·5	116
1860-64	92	66·8	46	33·2	138
1865-69	131	72·4	50	27·6	181
1870-74	175	74·4	60	25·6	235
1875-79	135	67·0	67	33·0	202
1880-84	153	65·5	81	34·5	234
1885-89	147	65·0	79	35·0	226
1890-94	156	66·5	78	33·5	234
1895-99	158	66·1	81	33·9	239
1900	197	67·7	94	32·3	291
1901	176	62·9	104	37·1	280
1902	174	61·5	109	38·5	283

The persistency of the ratio is quite as remarkable as in the case of imports, save in the last two years, and it will be found on examination that the greater part of the increase in 1901-2 is due to the abnormal exports to South Africa to make good the ravages of war. Even so, the percentage 38·5 in 1902 is but 3·5 higher than the average of 1885-89.

An attempt has lately been made, by excluding coal from our exports under a specious plea which is examined elsewhere in these pages, to show that our exports to our possessions are far more valuable than those to foreign countries. Even this dubious method yields unsatisfactory results to those who desire to minimise the importance of our foreign trade. Mr. D. A. Thomas, M.P., has worked out the following tables, which should finally dispose of the matter :—

**TOTAL BRITISH EXPORTS.**

Quinquennial Periods.	1886 to 1890.	1896 to 1900.	Increase or Decrease.	Percentage— increase or decrease.
	Million £.	Million £.	Million £.	
To Europe .....	78·0	97·8	+19·8	+25·4
„ U. S. A. ....	28·5	18·3	—10·2	—36·0
„ Other Foreign Nations .....	48·6	47·2	—1·4	—2·9
„ British Possessions .....	81·2	85·8	+4·6	+5·7
Total .....	236·3	249·1	+12·8	+5·4

## BRITISH EXPORTS, MINUS COAL.

Quinquennial Periods.	1886 to 1890.	1896 to 1900.	Increase or Decrease.	Percentage- Increase or Decrease.
	Million £.	Million £.	Million £.	
To Europe .....	69·6	81·6	+12·0	+17·2
„ U. S. A. ....	28·5	18·3	—10·2	—35·9
„ Other Foreign Nations .....	45·8	42·8	— 3·0	—6·5
„ British Possessions .....	79·4	84·1	+ 4·7	+5·9
Total .....	223·3	226·8	+ 3·5	+1·5

The large decrease in our exports to the United States makes it all the more remarkable that the percentage of our exports to British possessions has not increased. As Mr. Thomas points out, our average exports to Europe during the period covered increased by twenty millions sterling, while those to our Colonies increased by less than five millions. At the same time, our exports to Germany show an annual increase of over seven millions sterling, whereas those to the Dominion of Canada fell away by 1·2 millions. To Australia the fall was over a million, and to India there was a decrease of over two millions.

Sufficient has been said to show that the common belief that “Trade follows the Flag” is a delusion, and it is not a little remarkable that Protectionists who affect to believe in the phrase urge that we must resort to artificial means to “keep British trade in British hands.”

## CHAPTER X.

### “Ties of Interest”: The Possible Gain in Colonial Markets.

WITH a view, presumably, to throwing light upon the Zollverein issue, a singularly incomplete and therefore misleading official White paper (Cd. 1,638) has been issued at the modest price of one penny per copy. Its title runs as follows: “Trade of British Possessions: Statement of the Value of the Trade of the various British Colonies and Possessions with the United Kingdom, other British Possessions, and Foreign Countries during the year 1901.” I do not know who compiled this document, for no official, whether of the Board of Trade or other Government department, puts his name to it; but we can guess that it would not have appeared at this juncture had it not been considered helpful to the cause of preferential trading. Its figures show that while British possessions import £123,000,000 worth of goods from this country and £42,000,000 from other parts of the Empire, the large total of nearly £90,000,000 is derived from foreign countries! Here is a magnificent *prima-facie* case for the Zollverein. The foreigner sells to our possessions goods to the value of £90,000,000 in a single

year; why should we not increase our exports to that extent at a blow by a Zollverein scheme?

The waters in which Mr. Chamberlain is fishing are well baited, and the British manufacturer is being lured not only by the offer of Protection in the British market but by the suggestion that the markets of our Colonies can be preserved for him by preferential tariffs. Our exports amount to about £280,000,000 per annum. If the Colonies buy £90,000,000 per annum from the foreigner, what a chance we have to increase our exports by one-third! I have actually seen the suggestion in cold print. My intention in this chapter is to discuss the form of ground bait which is involved in this suggestion.

The official paper in question shows that our self-governing Colonies import goods to the value of £123,754,000 per annum, and that, of this amount, no less than £49,669,000 is purchased from foreign countries:—

#### IMPORTS OF SELF-GOVERNING COLONIES.

Name.	From United Kingdom.	From British possessions.	From foreign countries.	Total trade.	Per cent. of foreign imports
	£	£	£	£	
Australia* .....	25,069,000	3,997,000	12,436,000	41,502,000	30
New Zealand .....	6,878,000	2,457,000	2,018,000	11,353,000	18
Natal .....	6,523,000	1,479,000	1,554,000	9,556,000	16
Cape of Good Hope ....	13,803,000	3,246,000	4,367,000	21,416,000	20
Canada .....	8,832,000	761,000	28,821,000	38,414,000	75
Newfoundland .....	458,000	582,000	473,000	1,513,000	31
Total .....	£61,563,000	£12,522,000	£49,669,000	£123,754,000	39

\*Inter-state trade, of course, excluded.

The reader will at once be struck with the fact that Canada is a far worse offender (for it is an offence, is it not, according to our Protectionist friends, to buy goods from a foreign country?) than any other Colony. Let us therefore see if we cannot bring these Canadians to reason, show them the error of their ways, and in the process help the British trader to nearly £29,000,000 worth of good business.

What are the goods which Canada buys from foreigners, and why is she, to that extent, unkind? In the first place, to take things in their alphabetical order, we find that Canada buys a number of foreign books and newspapers, spending no less than \$1,300,000 per annum in support of alien pens. This is not surprising. French-Canadians, for instance, may be pardoned for spending \$100,000 per annum on French books and papers, in spite of the fact that some excellent journals in that language are actually published in the Dominion itself. We buy books because we want them, and seeing that the language of the United States is also that of many Canadians, American books and papers must continue to find their way across the border, so that we have not much to hope for in that connection. We will pass on to the “breadstuffs,” as the item reads in the Canadian list. Here we feel that we cannot complain, for we have no food to sell, and no tariff could make us masters of the \$11,000,000 which Canada spends yearly on United States breadstuffs. Coming to coal, while we ship millions of



tons, we cannot alter the fact that American coal can be had by Canadians from over the border in those big 40-ton trucks at prices with which we cannot compete, and away goes a trade worth \$14,000,000 a year. Of coffee it is sufficient to say that it is surprising that Canada gets so much from our market already, instead of buying it direct, and we have no hope of altering the direction of the \$130,000 which the Dominion spends on that article. Cotton need not be dwelt upon. We buy ours from the United States; so does Canada, to the tune of \$6,000,000 per annum. Chemicals and dyes are materials which we feel that Canada is justified in putting chiefly on her free lists; this trade is worth \$2,700,000. Fruit and fish account for \$3,500,000 per year of trade which is not for us, while furs are bought by Canada to the extent of over \$2,100,000. Passing on, we come to india-rubber and gutta-percha. The Dominion buys \$1,600,000 of material and goods on the free list under this head. Hides and skins—other raw materials which we cannot sell—account for \$2,600,000, and metals and minerals on the free list for \$10,200,000 more. Oils we have to buy largely, and so does Canada, to the extent of nearly \$2,000,000 per annum. To paintings and drawings we may apply the same observations as to books, and Canada spends \$500,000 on these. Next comes provisions, which we do not offer; the purchases from foreign lands, chiefly the United States, being \$2,500,000. A curious item is “Settlers’ Effects,” the goods brought in by immigrants. A tariff scheme would not touch them, and another \$3,800,000 are accounted for. Seeds and roots are bought from foreigners to the extent of \$2,230,000, and spirits and wines, chiefly from France, reach \$800,000. Sugar is down for \$6,200,000, and tobacco for \$2,100,000; we are buyers, and not sellers, of both. Vegetables account for \$376,000 of the foreign imports; wood for \$5,700,000 more. We have no wood to offer, save the “wooden Members,” which in Hood’s immortal poem were described by Ben Battle as being of the same stuff as his wooden leg. We are also buyers of wool, and cannot complain that Canada buys \$3,050,000 from foreigners. In the Miscellaneous section quite \$5,000,000 consists of goods in which we do not shine.

Let us see where we have got to by the process of simple addition. The articles we have named are :—

	Dollars.		Dollars.
Books and Papers .....	1,300,000	Provisions .....	2,500,000
Breadstuffs .....	11,000,000	Settlers’ Effects .....	3,800,000
Coal .....	14,000,000	Seeds and Roots .....	2,230,000
Coffee .....	130,000	Spirits and Wines .....	860,000
Cotton .....	6,000,000	Sugar .....	6,200,000
Chemicals, Dyes, &c. ....	2,700,000	Tobacco .....	2,100,000
Fish and Fruit .....	3,500,000	Vegetables .....	370,000
Furs .....	2,100,000	Wood .....	5,700,000
Gutta-percha and India-rubber	1,600,000	Wool .....	3,050,000
Hides and Skins .....	2,600,000	Miscellaneous Goods we cannot	
Metals and Minerals .....	10,200,000	supply .....	5,000,000
Paintings and Drawings .....	500,000		
Oils .....	2,000,000		
			<hr/>
			\$9,440,000

It is clear, then, that the Canadian is not such a bad fellow after all, for here is \$89,440,000 worth of articles which he buys from the foreigner for the simple reason that we have little or none of them to sell. So much for, say, £18,000,000 of the £29,000,000 with which we started our inquiry with such high hopes of gain.

That is not all. "Packages and parcels" probably cover a considerable amount of foreign goods not in our line of business, and we may also note that leather, paper, hemp, and many other things are bought by Canadians as materials just as we ourselves buy them. Also we have to remember that the United States, by reason of its geographical position, has an advantage in dealing with Canada which no tariff can alter. Finally, we have to consider that, to a very large extent, American ways are Canadian ways, and that it is no blame to our traders to say that in suiting Canadian habits and tastes the Americans have a distinct and very telling advantage. At most, then, the additional Canadian trade which a preferential tariff could bring must leave the United States Canada's greatest supplier, as the reader is no doubt aware, is the *actual result which has been achieved by a Canadian Preference which has existed since 1897*. British trade, it is true, has grown, and something no doubt has been gained by the Preference; but the fact remains that while British exports to Canada have grown by \$10,000,000, American exports have gained \$64,000,000 between 1896 and 1902.

A great deal chastened, we turn to Australia. Here, as we have seen, the imports from foreign countries altogether amount to only £12,000,000, which is not surprising, for the people who live on the fringe of the Island Continent number only 3,500,000 people. A moment's consideration shows that Australia, like Canada, buys many things which we do not sell, such as coffee, wines, maize, beans, mineral oils, manures, grease, &c. Excluding these items we shall probably not be far wrong in saying that of the present Australian purchases from foreign countries not more than, say, £8,000,000 or £9,000,000 offer us any prospect of gain under a preferential arrangement.

We are now in a position to add, with intelligence, a further column to the official paper under consideration, heading it not "Imports from foreign countries," but "Goods imported from foreign countries which we might supply." The figures would read something like this :—

#### IMPORTS OF THE SELF-GOVERNING COLONIES.

Colony.	Total imports.	Goods imported from foreign countries.	Liberal estimate of goods imported from foreign countries which we might supply.
	£	£	£
Australia .....	41,502,000	12,436,000	9,000,000
New Zealand .....	11,353,000	2,018,000	1,500,000
Natal .....	9,556,000	1,554,000	750,000
Cape of Good Hope .....	21,416,000	4,367,000	2,000,000
Canada .....	38,414,000	28,821,000	10,000,000
Newfoundland .....	1,513,000	473,000	200,000
	£123,754,000	£49,669,000	£23,450,000

The reader, I hope, will agree that this is an illuminating addition to the official arithmetic. Moreover, as we have seen, the Canadian estimate of £10,000,000 has been arrived at, not prior to the operation of a differential tariff *but after a Preference has been in operation since 1897*. Therefore, we must rule out Canada,

leaving for all the remaining self-governing Colonies an amount of trade valued at £13,000,000, which, if the foreigner were absolutely shut out, we might win. Taking the distance factor and other natural obstacles into consideration, however, we cannot place the margin of trade open to the operation of a Preference at more than two-thirds of this amount, or, say, £8,000,000. Then, if a really effective Preference were granted (not the sham humorously suggested by an Australian Minister in offering to retain the present duties for British goods, while raising them for the foreigner), we might win one half of this, or £4,000,000 of trade, an amount hardly worth serious consideration in relation to the magnitude of trade.

If we turn to the other British possessions we get similar results. In the case of India, such items as £2,500,000 paid for mineral oil, £2,500,000 for raw materials, and £1,000,000 for wine and food, remind us that of the Indian imports from foreign countries, which only amount to £14,000,000 per annum, the margin of possible gain is very small. Taking the whole of the Britains over the sea into consideration, indeed, the practical margin to be won from the foreigner is so insignificant that the amount of trade we stand to gain by a tariff Preference is hardly larger than the ordinary fluctuations of our trade from year to year.

And when all this is said the reader may usefully bear in mind that our chief competitors in the white Colonies are the Colonists themselves. To regard our colonies as mere suppliers of food and raw materials, and convenient "dumping grounds" for our manufactures, is sheer selfishness and parochialism, nor is it the noblest expression of family affection to inquire how best we may profit by our brethren. I deplore the necessity to make such calculations as those in this chapter, but when "ties of interest" are urged upon us by Mr. Chamberlain it becomes necessary, if painful, to produce the facts to enforce the hollowness of his proposals from a business point of view.

A consideration of this part of the subject would be incomplete without further reference to what Mr. Chamberlain has justly called the "disappointing results" of the Canadian preferential tariff. This Preference was first extended in 1897, when the rebate given to British goods amounted to  $12\frac{1}{2}$  per cent. In 1898 the Preference was increased to 25 per cent., and in 1900 to  $33\frac{1}{3}$  per cent.\* Reference

---

\* It may be well to set out full particulars of the different rebates on the duty allowed on goods from the United Kingdom. The following rebates in the Canadian duty were allowed on British produce or manufactures imported *direct* into Canada:—

(I.) UNDER THE RECIPROCAL TARIFF.

The Reciprocal Tariff, according preferential treatment to goods from the United Kingdom and certain British possessions and foreign countries (not including the United States) came into force on April 23rd, 1897, and the British Preferential Tariff, according preferential treatment to British goods only, on August 1st, 1898.

Period.	Rebate of Duty on British Goods.
April 23rd, 1897, to June 30th, 1898 .. .. .	One-eighth.
July 1st, 1898, to July 31st, 1898 .. .. .	One-fourth.

No reduction of duty under the Reciprocal Tariff (in force until July 31st, 1898) was allowed on any of the following articles: Wines and spirits, articles containing alcohol, sugar, molasses, and syrups of all kinds, or tobacco.

(II.) UNDER THE BRITISH PREFERENTIAL TARIFF.

Period.	Rebate of Duty on British Goods.
August 1st, 1898, to June 30th, 1900 .. .. .	One-fourth.
July 1st, 1900, to the present time (1903) .. .. .	One-third.

No reduction of duty under the British Preferential Tariff is allowed on Wines and spirits, articles containing alcohol, and tobacco. The reduction, as regards refined sugar, is only to apply when satisfactory evidence is furnished that it has been manufactured wholly from raw sugar produced in British possessions.

It is further provided that manufactured articles, to be admitted under such Preferential Tariff from the United Kingdom shall be bona-fide the manufactures of that country.



to the latest Canadian Blue-book gives the following figures relating to Canadian imports since 1896 :—

**VALUE OF IMPORTS INTO CANADA, 1896-1902.**

	From United Kingdom.	From France.	From Germany.	From U.S.A.
	Dollars.	Dollars.	Dollars	Dollars.
1896....	33,001,997	2,782,693	6,454,705	59,290,166
1897....	29,328,576	2,507,128	5,785,546	66,140,617
1898....	32,408,551	4,090,506	5,763,784	83,020,035
1899....	36,816,665	3,879,872	7,381,149	97,102,957
1900....	44,962,547	4,464,682	8,706,641	109,208,353
1901....	42,966,128	5,503,177	6,677,959	115,971,092
1902....	49,244,352	6,915,335	10,919,994	123,731,793

These figures show that since 1896 the exports into Canada of the four countries mentioned have increased as follows :—

	Increase in million dollars.	Increase per cent.
United Kingdom .....	16·2	49
France .....	4·2	155
Germany .....	4·5	70
United States .....	64·5	108

In spite of these hard facts it is sometimes claimed that the Canadian Preference has been of great service to British trade. That it has helped some of our exporters, particularly of woollens and worsteds, is undoubted, but Mr. Chamberlain was perfectly justified in characterising the general results as “disappointing.” The fact is, of course, that when the Preference was first given the Canadian tariff was amended in such a way as to nullify the rebate to a very great extent. Additional protection was granted to Canadian industry and a rebate given to us on the increased duties, Canada thus taking away with one hand what she gave with the other. I do not mention this as a grievance against Canada, for I profoundly believe in her right to shape her own destiny. Let Canada pursue her own path, let her open her ports or close them as may seem good to her. It is not for us in the mother-country to question her judgment or fetter her ambitions. But when it is suggested that by a Preference which is largely a sham she has placed us under obligation to tax foreign food for her benefit, then, and not till then, we have the right to point out that her tariff has not been devised for our benefit but her own.

It would not be strange if the United States alone had, as well as ourselves, increased their exports to Canada. But that France should have increased her exports from 2·7 to 6·9 million dollars, and Germany hers from 6·4 to 10·9 million dollars, while we have only increased ours from 33 to 49½ millions is, indeed, surprising. Yet small benefit though the Preference has been to us it has caused discontent in Canada and trouble with Germany ! Here we find ourselves wrangling as to what benefit has been derived from a trumpety reduction in an unnecessary tariff, and exchanging despatches with Germany as to its consequences. Surely this one example should suffice us.



## CHAPTER XI.

## The Special Case of America.

HAVING discussed the value of the "ties of interest" which Mr. Chamberlain proposes to create, we may usefully devote some consideration to the nature of our commerce with the nation which would be chiefly affected by a tax upon foreign food or materials. That nation, it is hardly necessary to say, is the United States; but I doubt if it is commonly realised how valuable America is to this country as a supplier of food and materials. There has been so much silly talk about the American "invasion" that many of us have lost sight of the nature of the greater part of the enormous imports we derive from across the Atlantic. We think of ingenious machinery, of typewriters, of sewing machines, of patent corkscrews, of anything but of the great bulk of the products sold us by America. Yet the simple truth is that of the £127,000,000 worth of goods we imported from the United States in 1902 only £20,000,000 worth consisted of manufactures, including under that category things such as leather, paper, &c., which are materials although finished products. The balance of £107,000,000 consisted of food and raw materials as follows:—

## FOOD IMPORTED FROM AMERICA IN 1902.

	£		£
Living Animals for Food	6,506,000	Meat	19,788,000
Butter	253,000	Sauces	22,000
Cheese	962,000	Spices	8,000
Cocoa	16,000	Spirits	139,000
Coffee	382,000	Sugar	677,000
Confectionery	42,000	Tea	29,000
Corn, Grain, Starch, &c.	24,500,000	Vegetables	1,000
Eggs	68,000	Wine	22,000
Fish	1,101,000	Milk, Condensed	50,000
Fruit	1,466,000	Oil-seed Cake	1,101,000
Hay	478,000	Oleo-margarine	186,000
Hops	361,000	Pickles, &c.	1,000
Lard	4,113,000		
Margarine	1,000		£62,272,000

## MATERIALS IMPORTED FROM AMERICA IN 1902.

	£		£
Bladders, Casings, &c.	93,000	Paper Materials	42,000
India-rubber	133,000	Paraffin	903,000
Cotton	29,284,000	Petroleum	3,542,000
Cotton Waste	18,000	Straw Plaiting	6,000
Dyestuffs	64,000	Plumbago	45,000
Feathers	14,000	Rosin	389,000
Gum	6,000	Seeds	681,000
Hair	70,000	Shells	15,000
Hemp	31,000	Skins and Furs	717,000
Hides	13,000	Slates	128,000
Horns and Hoofs	6,000	Sponge	27,000
Manures	224,000	Stones	12,000
Copper	2,723,000	Tallow	195,000
Lead	565,000	Tar	6,000
Silver Orce	565,000	Wax	13,000
Zinc	173,000	Wood	3,740,000
Other Metals	50,000	Wool	8,000
Oils	1,324,000		
			£45,363,000

A mere glance through these lists, which account for £107,635,000 out of the £126,961,000 of American goods with which we were "invaded" in 1902, will help the reader to understand how indispensable America is to this country, and the value of Free Trade in our dealings with her. For what is the practical effect of these imports? It is to place at our disposal the magnificent resources of the New World as freely as if they were our own. Imagine that some miracle stretched our borders half-way across the Atlantic to-morrow and gave us millions of acres of virgin soil upon which to grow wheat, cotton, and timber, and raise cattle. We should count it great gain, and anyone who suggested erecting a line of Customs houses between the New England and the Old would be counted a madman. Yet the position would be no different than that which actually obtains now with the United States. America is the New England which Providence has raised up across the Atlantic. In a sense she is a foreign country, but in reality she is one with ourselves, sharing the British tradition and speaking the English tongue. It is just as absurd to erect barriers against her food and materials as though no seas ran between the American continent and these islands, and as though George III. and Lord North had never, by their folly, goaded our Colonists to rebellion.

It is of interest to contrast the extraordinary figures already quoted with those relating to (1) British possessions, and (2) the world at large.

#### BRITISH IMPORTS OF FOOD AND RAW MATERIALS IN 1902.

	From U.S.A.	From all British possessions.	From all the world.
Food .....	62,000,000	44,000,000	223,000,000
Raw Materials .....	45,000,000	46,000,000	159,000,000

We have thus revealed the striking facts:—

- (1) That the United States is of far more importance to us as a supplier of food and materials than the whole of the British possessions.
- (2) That the United States sends us one-third of all our imported food and materials.

It follows that if we give our Colonies a "Preference" by taxing foreign food or materials we chiefly strike at the United States of America.

This consideration should be weighed in connection with the following grave declarations of Mr. Carnegie in a letter to *The Times*, July 25th, 1903.

The full voice of the Republic upon a British preferential tariff in favour of Canada cannot be heard until such is enacted, although your correspondent has not failed to keep you advised of the *New York Sun's* ominous statement that, if the Republic were thus made hostile to Britain, the grain of Canada would never reach her ports for shipment. He also apprises you of "dissatisfaction in the North-west," the agricultural region. These are only straws. The attitude of the nation will naturally be a waiting one, conscious of her power to protect her interests and compel the restoration of equal treatment as she did before. It is the easiest matter possible; a word from the President cancels the privilege now generously extended to Canada of reaching open American ports through American territory with all her foreign business, exports and imports, free of duty, for five months in the year when her own ports are icebound. She uses this privilege all the year. President Roosevelt is the last man I could think of who would hesitate one moment to say that word; but even he and all his Cabinet would be powerless to resist the imperious demand that at least we should not furnish the weapon that enabled another Power to wound us.

The following reaches me this morning from America in answer to my inquiry. Canada shipped through American ports in 1902 28,546,000 bushels. I can find no statement giving number of bushels through Canadian ports; but as the total value of Canadian foodstuffs

exported to Britain in 1902 was only £22,471,000, it seems that a large portion of her entire shipments must reach Britain over American territory and through American ports.

The withdrawal of the privilege given Canada would probably be sufficient to satisfy Britain that the American people were in earnest. Negotiations would soon begin and the privileges so rashly disturbed be restored simultaneously. Peace would reign, but the bitterness created would remain for years to retard return to the present unusually cordial relations so wantonly impaired.

Surely, sir, there must be a wiser and better policy for her to-day than to attempt to revert to the discarded policy of discrimination against the Republic which feeds her and furnishes the cotton which keeps running thirty-five million out of her forty-four million spindles. The world combined could do neither one nor the other, nor is there a fair prospect of its being able to do either for generations. It seems fatuous folly, therefore, under present conditions, to strike at this indispensable friend by attempting to deprive her of the equality of treatment she has enjoyed.

Mr. Carnegie's declaration that for five months in the year Canadian ports are icebound is hardly an over-statement of the case, for although you can get into the port of St. John all the year round, even when, from December to May, the St. Lawrence navigation is closed, it is sheer folly to take the risks of one of the most dangerous routes in the world when, a little further south, there is a clear run, free from fog and ice, to United States ports. It is a poor sort of sentiment which would send brave men to death off the coast of Newfoundland that Canadian corn might reach us untainted by passage over foreign territory.

It is not a little strange that while the trumped-up dispute between Canada and Germany over an amount of trade valued at under £3,000,000 has been the subject of incessant debate and conjecture, the special case of the United States in relation to the Zollverein issue has been completely ignored. I hope the plain facts stated above will help the reader to realise that the suggested Colonial Preference is a blow which is aimed, not at Germany or Russia or any other European country, but at the United States—the country which we can least afford to offend, the nation which is bone of our bone, and flesh of our flesh. In spite of its mixture of nationalities there is, undoubtedly, a greater proportion of persons of British descent in the United States than there is in Canada, but we are entitled to hope that both alike may in the time to come help us to keep the peace of the world. He is no friend to this country who would, in the attempt to create a worthless "tie of interest" with Canada, give cause of resentment to Canada's powerful neighbour.

A further point, and a most important one, is often entirely ignored in this connection. It is the question of our position in time of war. As things are it is all to our advantage that America—with whom war has by common consent been banished from the calculations of all decent-minded Englishmen and Americans—is our great supplier of food and materials. To "prefer" Colonial corn would actually make our food supplies less secure in war time. The enemy could seize British-Colonial food or British-Colonial ships, whereas neutral ships and neutral food (not being contraband of war) would be safe from molestation. No European power would dare to touch our American food supplies; we could trust the United States to see that their farmers were not deprived of a magnificent trade by our enemy. The American food and material supply is, therefore, an asset of great

value not only in peace but in war. We are asked to risk this asset, at the price of dear food for our people, to give a dubious advantage to Colonists who are not in need of a gratuity.

## CHAPTER XII.

### A Counting of British Heads.

NOT the least important point in regard to the pseudo-Zollverein proposals is the consideration of the nature of the population of the British Empire.

The following may be taken as a fair estimate of the population of the British Empire in June, 1903 :—

POPULATION OF THE BRITISH EMPIRE IN JUNE, 1903.

	British.	White men of other than British descent.	Total white population.	Coloured Races.	Totals
United Kingdom .....	41,300,000	1,000,000	42,300,000	—	42,300,000
Self-governing Colonies :					
Canada .....	3,212,000	2,238,000	5,450,000	169,000	5,619,000
Newfoundland .....	215,000	6,000	221,000	—	221,000
Australia .....	3,713,000	152,000	3,865,000	88,000	3,953,000
New Zealand .....	800,000	15,000	815,000	46,000	861,000
South Africa .....	350,000	525,000	875,000	4,575,000	5,450,000
	8,290,000	2,936,000	11,226,000	4,878,000	16,104,000
Other British Possessions:					
India and Ceylon ....	210,000	90,000	300,000	299,700,000	300,000,000
Remainder of the Empire	200,000	50,000	250,000	44,750,000	45,000,000
	50,000,000	4,076,000	54,076,000	349,328,000	403,404,000

The above table is partly based upon census returns, but a great deal of it is guesswork, for who shall say quite how many natives there are in Rhodesia or Nigeria? I have purposely made my figures round, to avoid the pretence of accuracy. Altogether the table may be accepted as a near approximation to the truth.

The chief feature of the table is the small number of white men in the rest of the Empire. Against 42,000,000 white men in the United Kingdom, there are but 11,000,000 in the self-governing Colonies. On the face of it, therefore, how unfair it is to suggest that it is the duty of the crowded inhabitants of these islands deliberately to deny themselves the cheapest food in the world for the benefit of colonists, one-fourth their number, who already enjoy freedom from taxation for Imperial purposes. The point is



further accentuated by a comparison of some of our great towns with the white Colonies:—

## A CONTRAST IN POPULATIONS.

United Kingdom .....	42,300,000
Greater London .....	6,660,000
Canada .....	5,450,000
Lancashire .....	4,450,000
Australia .....	3,865,000
Surrey .....	2,020,000
New Zealand .....	815,000
Glasgow .....	740,000
Cape Colony .....	500,000
Leeds .....	430,000
Transvaal .....	215,000
Plymouth .....	107,000
Orange Colony .....	80,000
Coventry .....	69,000
Natal .....	65,000
Ilfracombe .....	16,000
Rhodesia .....	15,000
Barnstaple .....	11,000

I hope this table will help my readers to realise that in spite of all the red on the British Empire maps, “Little” England is still the head and front of the Empire.

Another interesting and very pertinent fact brought to light in my table is that of the 11,000,000 or so white men in our Colonies, as many as 3,000,000 are foreign or of foreign descent. Colonel Denison, of the Canadian United Empire League, who toured this country, lecturing on behalf of the Zollverein idea in 1902, called attention to this fact, and urged that “ties of interest” were necessary to bind these 3,000,000 people to the Empire. It is a poor kind of loyalty, surely, which is bought by a tariff preference, but apart from that point the effectiveness of the tie would surely depend upon the occupation of the individual. A French-Canadian farmer might appreciate a bonus on food, but a French-Canadian manufacturer, who is a Protectionist, would hardly appreciate the nature of the Canadian *quid pro quo*—a relaxation of Canadian Protection on behalf of British goods. It is quite certain that an extension of the present “preference” would greatly accentuate the diversity of Canadian opinion on the subject of the tariff. Not only here, but in our Colonies, the question of preferential trading and its incidence would be a perpetual subject of discussion and discord, and a bone of contention between political parties.

## CHAPTER XIII.

## The Dumping Bogey.

I BEGAN this consideration of our commerce with a detailed examination of the fear of imports, and I am not without hope that the reader who has had the patience to follow me as far as this point does not entertain that fear. It remains to consider whether validity attaches to the plea that when surplus stock is offered in our markets at attractive prices we should take special measures to prevent its sale. .

It often happens in modern industry that production runs ahead of demand. Under primitive conditions such a contingency is impossible. If one of us took from the Canadian Government a few hundred acres of virgin soil and built a log house to shelter ourselves and family, we should take care not to manufacture anything we did not actually want. We should need two or three chairs and a table, and should make them; we should not dream of making more chairs than we could sit on. How different the conditions of a complicated civilisation. One man is a maker of furniture, another of hardware, a third of clothing, a fourth of houses. Each has to gauge the probable demand for his wares, and take care not to run ahead of that demand. Over-production is not difficult under any conditions, but under Protection, which aims at stimulating industry by creating artificial prices for certain commodities, the production of which it deems vital to the welfare of the nation, it is much more frequent than when all trades are allowed to find their level without favour of the State to any one of them. In Germany during the last few years over-production has been rife, for the purchasing power of the people has fallen through neglect of the interests of German consumers under Protection. As a result, German manufacturers have found themselves with surplus stocks on hand for which no market could be found in Germany itself. To rid themselves of their surplus the idea was hit upon to offer it at low prices in foreign countries, and iron and steel in particular have been sold by German manufacturers to buyers in Belgium, America, and England, at prices lower than they could actually be made in those countries. The imports of unwrought iron and steel from Germany into the United Kingdom leapt from 5,798 tons in 1900 to 89,607 tons in 1901!

That is what is known as "dumping"; how should it be regarded?

Mr. Chamberlain and Mr. Balfour profess to be afraid of these importations of cheap goods. Why? Do they imagine that German iron syndicates can compel anyone in this country to buy their cheap iron? We have only to remember that it takes two to make a "dumping" bargain, and that if it suits some one in Germany to sell bankrupt stock, it also suits some one here to buy it at an attractive price. The man who buys at near or under cost is not an enemy of his country, but the man who sells is no friend to his. In essence what has happened is that some one in Germany has taken the trouble to mine coal and iron ore and limestone, has smelted the ore and produced useful metal, and carried it to a crude form of manufacture, and then—he has sold it for less than it is worth to a person

in England. The buyer takes the iron, uses it as a material, and finally it is consumed either in a building, ship, boiler, or engine, in the buyer's country, or is sold to some person abroad at a profit. Germany has parted with a quantity of its most valuable products, iron and coal, at an unremunerative price, while England has gained by Germany's loss.

Mr. Hugh Bell, of the great iron firm of Bell Bros., Ltd., writing the other day to the *Spectator*, expressed the true and business-like view of dumping when he said :—

I take at haphazard the first item under the head "Metals—Iron" from the Board of Trade returns, and this is what I find. In 1902 we imported 223,138 tons of pig iron. I look for the details, and I find, as near as may be, one quarter of this came from Sweden, but it sold in England for 40 per cent. of the total price. It was a special article not made in England, for which the English manufacturer found it beneficial to pay 106s. a ton against 63s., at which he sold his own exported pig iron. We imported 10,701 tons of pig iron from America, and gave 112s. for it. The astute Yankee persuaded the foolish Briton to pay 112s. for an article to be had for 63s. Perhaps the explanation may be that the Briton got what he wanted, and did not think 49s. extra too much to pay. All the rest of the world except Canada sent us 104,554 tons of iron at 57s. As we sold 1,102,566 tons at 63s. I cannot help fancying that the 6s. a ton we paid less for what we bought than we got for what we sold, was all to the good of Great Britain, and I hope foreign countries will go on "dumping" on the same terms.

From Canada we got 51,041 tons at 45s.—18s. a ton less than we got for our own iron for export. I should feel the same as to this, did I not know that my Canadian fellow-subjects who are not ironmasters paid those who are a bounty of many shillings to enable my fellows in the trade in this country to buy pig iron 18s. below the market price. I congratulate the Canadian ironmasters on their skill in getting money out of the rest of Canada, and I cannot really feel that Great Britain has suffered.

So much for pig iron. Perhaps you will allow me to dip again into the lucky bag? Some week or two ago Sir Thomas Wrightson rent the air with his clamour because the North-Eastern Steel Company, after making some £40,000 a year for many years, was cut out by a cheap article from abroad. It is true that at the same time he was concurring in describing the circumstances as exceptional, and inviting the public to lend money on the faith (amply well founded, I believe), that the future would prove as prosperous as the last to his company. The compilers of the Board of Trade returns do not enable me to give a perfectly clear answer to Sir Thomas. As far as they go, these are the facts they disclose. In 1902 we imported 171,915 tons of bars, angles, bolts, and rods, and paid £6. 6s. a ton for them, and 280,998 tons of unwrought steel, for which we paid £5 a ton. We exported 152,694 tons of steel bars of all kinds at £10. 18s. a ton, and 114,536 tons of bar iron at £8. 3s. Sir Thomas Wrightson appears to complain that a former customer bought goods at £5 or £6. 6s., instead of paying his company a larger price. One would like to hear the buyer's views of the transaction. The bars, angles, bolts, rods, and unwrought steel which were imported were sent to people who wanted them, and saw their way to use them at a profit. Will anyone say we should have refused to let them come in, and compelled those who bought them to buy steel bars at £10. 18s. or bar iron at £8. 3s.? I greatly doubt whether the profits which in these circumstances might have accrued to the North-Eastern Steel Company would have been any consolation to those whose well-being depended on the cheap material they got from abroad.

In view of this declaration, not of a theorist, but of a member of a British iron firm which is honoured throughout the world, the short-sighted complaints as to "dumping" fall to the ground. Yet Mr. Chamberlain in a recent speech in the House of Commons magnified the importation—the quite small importation—of cheap iron and steel from Germany into a cause for alarm. If anyone has just cause for complaint it is not the British consumer of cheap German iron but the fleeced German builder, engineer, boiler-maker, or shipbuilder, who, under the wing of the tariff, is compelled to pay for his materials prices higher than those at which they are sold abroad. Our Consul-General at Frankfort points out that the difference between the home and export prices of the German iron syndicates produced very strong comments, even in the Diet. The Consul goes on to say: "Among all the syndicates those controlling raw material and half-finished goods proved themselves the most powerful and the hardest masters. They sold raw

material and half-finished goods abroad at low prices, so that the home industries which worked off such raw materials, &c., were severely handicapped. These asserted (and not without reason) that the consumers of German material in foreign countries, especially in Holland and Belgium, were by these prices placed in such an advantageous position that it was most difficult, if at all possible, to compete against their prices. The syndicates themselves admitted the seriousness of the position by expressing their willingness to grant certain export bonuses, which, however, the industries concerned pronounced inadequate. Some cases actually transpired in which German 'finishing' manufacturers had to decline orders owing to the exorbitant prices of raw material, which orders subsequently passed to Holland, Belgium, and the United Kingdom."

Here, then, is the other side of the "dumping" story. It shows us that it is the Germans and not ourselves that suffer when some one in Germany parts with a portion of the wealth of the country without taking proper value in exchange.

And there is another important lesson to be learnt from "dumping." It is that we should be very reluctant to place in the hands of our manufacturers a weapon to use against us. Let us not imitate a fiscal policy which allows the foreigner to be favoured at the expense of our own people. Let us not part with the "Protection" which Free Trade gives to the consumer.

One of the leaflets issued by Mr. Chamberlain's Birmingham Committee asks whether it is true that our iron and cotton industries might at any time be "overwhelmed by a great importation of goods." This is a good—or bad—instance of the neglect of the statistics of home trade. Consider our production of iron and steel :—

#### BRITISH IRON PRODUCTION—AVERAGE PER ANNUM.

	£
Exported Pig Iron at £3 per ton .....	3,309,000
Exported Iron and Steel other than Pig at £10 per ton .....	25,652,000
Finished Iron and Steel consumed in U.K. at £10 per ton ....	29,780,000
Foundry Castings, 850,000 at £12 per ton .....	10,200,000
1,200,000 tons of machinery at £40 per ton .....	48,000,000
Other Products—Hardware, Tools, &c. ....	22,500,000
	<hr/>
	£139,441,000

Contrast this with our present imports of iron and steel :—

#### IRON AND STEEL PRODUCTION AND IMPORTS PER ANNUM.

	Production	Imports Retained.
Iron and Steel and manufactures thereof .....	£70,000,000	£7,600,000
Machinery, Tools, Hardware, &c. ....	70,000,000	8,000,000

So much for the "overwhelming" of our iron trade !

## CHAPTER XIV.

### **Ships and Shipping.**

I HAVE already pointed out how the obvious fact that we are an island race is ignored in the discussion of our commerce. It is just as remarkable that in all the Protectionist writing on British industries, two of the chief of them, shipbuilding



and shipping, are rarely mentioned. There is a very good reason for this. Both these industries have grown and flourished to a most extraordinary extent under Free Trade.

When the Mosely Labour Commission recently visited America, the Commissioners were shown over Cramp's yard, at Philadelphia. One of them remarked that it reminded him of a British shipyard, and the manager declared that no higher compliment could have been paid him. He was right. Nowhere in the world can ships be built so well and so cheaply as in this country, and there is a very simple explanation. Free Trade has given our shipbuilders access to the cheapest and best materials in the world. And consider how diverse those materials are. As Sir Christopher Furness recently pointed out, the steel is made from ore produced in Spain and Sweden, the brass from Spanish and American copper, the spelter comes from Germany, the woodwork from America or Norway, the ropes from Russia, and the hemp from the Philippines. And not only raw materials are concerned. It is the simple fact that of late German ship plates have been utilised in British shipbuilding at prices at which they have been denied to German shipbuilders! Little wonder then that we are still able to build ships at from 25 to 33½ per cent. less than can be accomplished in Germany or America. And not only have our shipbuilders had cheap materials, but they have had the owners of the largest carrying trade in the world as their home market. Our shipping has doubled in the short space of 30 years, and at the present time we own more than one-half of the world's tonnage. Why? Two things have operated to shape such a magnificent end. The one is the fact that we have had Free Trade in coal exportation; the other, that we have enjoyed free imports. As Mr. D. A. Thomas, M.P., recently pointed out in his invaluable examination of the question of coal exports, "It is difficult to exaggerate the importance to our shipping industry of the cargo provided by coal for outward bound vessels. More than four-fifths of the weight of our exports consists of coal; without it the great bulk of the shipping bringing corn, cotton, wood, wool, sugar, &c., to our shores would be compelled, perforce, to clear without cargo, in ballast." We could not replace the coal with sufficient exports of manufactures, because their bulk for value is, of course, much less than that of the raw materials and food we chiefly import. The coal freights are paid, by the foreigners who buy the coal, to British shipowners. Then the ships which take out coal, say to Argentina, bring back corn, and so earn money on both voyages. This double freightage means profitable shipowning, and it also means low freights and cheap imports. If a ship had to go out in ballast to Argentina to fetch wheat, the freight of the wheat would be higher and the corn would be dearer to the British consumer.

It is important for the reader to grasp these points clearly. If he does so he will realise that Protection would attack our shipping both in its inward and outward freights. Mr. Chamberlain's supporters appear to believe, first, that coal exportation should be diminished, and, second, that free imports should be checked. I have already shown how enormous are the earnings of our mercantile marine, and that the freights earned by British ships amount to something like £100,000,000

per annum. But not only money is concerned. To tamper with our shipping is rank treason, for the British Empire rests upon the command of the sea, and that command would disappear with the loss of our shipping. Protectionists not only ignore that fact, but seek to show that our Colonies, as it were out of generosity, do not rob us of our coal, while the Continent, bent upon our destruction, buys it largely and uses it against us. The simple explanation is that our Colonies are not situated in Europe. Canada does not refrain from buying coal from us out of filial love, but because she can get it more cheaply from the United States. The best markets for British coal are in Europe, and we may be thankful that those markets exist, for we have to choose between continuing coal exportation and losing our command of the sea. We have no cause to be grateful that our distant Colonies do not buy our coal, for coal shipments, instead of being unprofitable, form the most important part of our export trade.

In view of Mr. Chamberlain's arguments as to coal, it is to be wondered if he knows that a ton of pig iron is the essence of several tons of ore and coal. Pig iron is but coal and ore and limestone in concentrated form. And it is true that when we export iron, or steel, or cottons, or woollens, or any other manufactured article, coal is in essence leaving these favoured islands to be bestowed upon some foreigner or Colonist, who is all the better for having it. Mr. Chamberlain's grief as to the exportation of coal I fully share—but I go a little farther, and would pray him enact the destruction of our shipping if I did not know that while it is true that our ships take value away from our shores they bring back in exchange things which we require even more than the goods they take away. So we may go on rejoicing in Free Trade and the magnificent carrying trade which it has given us.

The following figures will repay careful study :—

#### SAILING AND STEAMSHIPS (EXCLUDING COASTERS).

TONNAGE ENTERED AND CLEARED AT UNITED KINGDOM PORTS WITH CARGO AND IN BALLAST.

(In millions of tons.)					
	British.	Foreign.		British.	Foreign.
1860 ..	13·9	10·7	1895 ..	58·6	21·8
1870 ..	25·0	11·5	1900 ..	62·7	35·8
1880 ..	41·3	17·3	1902 ..	64·9	34·9
1890 ..	53·9	20·3			

#### BRITISH SHIPS REGISTERED FOR OVER-SEA TRADE, 1861 to 1902.

(In millions of net tons.)

Average of Quinquennial Periods.	Sailing Tons.	Steam Tons.
1861-1865 .....	4·6	0·6
1866-1870 .....	4·7	0·9
1871-1875 .....	4·1	1·6
1876-1880 .....	4·1	2·3
1881-1885 .....	3·5	3·5
1886-1890 .....	3·1	4·4
1891-1895 .....	2·9	5·7
1896-1900 .....	2·3	6·6
In the year 1901 .....	1·9	7·6
In the year 1902 .....	1·9	8·1

The last table, besides showing the magnificent growth of our shipping, will also be of interest to the general reader as showing the period at which the construction of steamships overtook that of sailing vessels. This occurred in the quinquennial period 1881-1885, since when sailing tonnage has rapidly declined. It may not also be out of place to explain that the tons by which shipping is measured refer to capacity, a "ton" being 100 cubic feet. In measuring freights however, a "ton" is only 40 cubic feet. This by the way, and with apologies to all good longshoremen who know all about it.

The significant fact emerges from my table that British steamships have increased by 1,000,000 tons every five years since 1870. It cannot be disputed that this is a result of the operations of Free Trade. In the same time American over-sea shipping, which ranked with ours a generation ago, has decreased by one-half, as is shown by the following table taken from the American official records :—

**UNITED STATES SHIPS REGISTERED FOR OVERSEA TRADE, 1860 to 1900.**

(In million tons.)

1860 .....	2.5
1870 .....	1.5
1880 .....	1.3
1890 .....	0.9
1900 .....	0.8

## CHAPTER XV.

### Retaliation.

NOT long ago the Under-Secretary of State for Foreign Affairs was asked in the House of Commons (I think, by Mr. Ormsby-Gore) whether "the Government was taking any steps with regard to the duties imposed on British goods by the new Austrian tariff?" The fallacy involved in this question is a very common one, and is evidently shared by Mr. Balfour, who, in a recent speech, said :—

We have to look forward in future to a condition of things in which more and more there will be a wall of hostile tariffs built up against us behind which foreign nations will use their power for manipulating their own tariffs to their own advantage and to our disadvantage, and, as a result of which, we shall less and less be able to find in civilised countries a market for our manufactured goods.

Note that both Mr. Ormsby-Gore and Mr. Balfour speak of foreign tariffs as being aimed at *us*—at the British nation. Mr. Balfour pictures a time when through a wall of hostile tariffs "built up against *us*" our exports of manufactured goods will grow less and less. Now, as a matter of fact, there are no foreign tariffs applied specially to British goods. The Austrian tariff which Mr. Ormsby-

Gore spoke of, indeed, is specially aimed, not at ourselves, but at Germany. The new German tariff law is not aimed at the United Kingdom, but chiefly at corn-exporting countries. Mr. Balfour must know very well that the same German tariff wall which confronts us has also to be met by France and America. The American tariff applies not to ourselves alone, but to Germany and every other country.\* On the other hand, while we, by reason of Free Trade, enjoy the French minimum (*i.e.*, preferential) tariff, America, by reason of Protection, is faced by the French maximum tariff, which is considerably higher than that applied to British goods.

I commend these simple facts to those who, while they do not love Protective tariffs for their own sake, are inclined to believe that we could use a tariff as a lever to open foreign fiscal doors. We are urged to "regain the power of negotiation" by first enacting duties and then telling other nations that we are willing to lower them if our goods are given better treatment than at present. I am not sure if it is seriously believed that we could gain the "open door" by such a policy. If we had such success, away would go the Preference given to our Colonies. If by negotiation America lowered her tariff on our manufactures in return for our lowering our corn duty in her favour, what would Canada say? She would complain that her corn had no longer an advantage, and would threaten us with the withdrawal of the "Preference" for our manufactures. But there is no need to worry ourselves about such a remote contingency. We know very well that the American tariff has not made a single breach in any foreign tariff wall. We know also that if Germany denounced her present commercial treaties and brought her newly-framed tariff measure into actual operation, in a year's time we should quickly see follow the retaliatory tariffs which have already been framed by Russia, Austria, and Italy, three of Germany's most important markets, and a bitter tariff war would ensue in which Germany would be a heavy loser. In such a case Germany's loss would be our gain, for we are Germany's chief competitor in the exportation of many articles which Russia, Austria, and Italy buy largely. The idea prevalent in this country that the new German Customs tariff is particularly aimed at ourselves is the very reverse of the truth. The new German tariff was forced through the Reichstag by the Agrarian majority, and the interests of that Agrarian majority are not by any means the interests of German manufacturers. All the Agrarians wanted was high rates of duty upon agricultural products, and those high rates they obtained, while they insisted upon moderate rates for agricultural machinery and implements, of which we are exporters. Not only have they obtained high rates on food, but there is inserted in the Tariff Law a clause in Section I., by virtue of which a minimum tariff on cereals is arranged below which the Reichstag has no power to arrange duties by commercial treaty with any country. This does not matter to us, for we do not export cereals, but it very nearly concerns Russia, America, and other corn-exporting nations. It is those nations, and not ourselves, that are most nearly lit by this new German

\* The United States grant a small rebate to French, German, and Italian wines, brandies, and paintings, but so far as the articles we export are concerned we are treated by the American tariff in the same way as any Protectionist country.



tariff, and we may depend upon it that they will know how to retaliate, and that their retaliation will take the form of taxing just those German exports in which Germany competes with ourselves. We can safely say that, if this tariff ever comes into actual being, Germany will not find it easy to export iron and steel, or machinery, or chemicals, or cotton goods to Austria, Russia, and Italy, and that in the markets of those countries German loss would be our gain. We can therefore safely leave Germany to stew in her own tariff.

The selfish folly which has led the German Agrarians to force this act upon the Fatherland is an object lesson to the British people. Some of the increases in the duties on food are incredibly high, and in addition the Agrarians have been so foolish, so blind to the true interests of the country as to increase the rates on materials like timber. The duty on mahogany is raised from 1s. to 2s. per ton, while duties on staves, spokes, sleepers, &c., are considerably raised. Under the present tariff dyewoods and tanning barks are wisely admitted free, but under the new tariff they are taxed at 1s. to 2s. per hundredweight.

Before leaving the subject of retaliation it is important to observe that not only have foreign tariffs failed to open foreign fiscal doors, but we still have the lion's share of the import trade of Protectionist nations. Consider the following : —

#### IMPORTS INTO FRANCE, GERMANY, AND U. S. A.

Averages of 1898–1900. In millions of pounds.

	Into France.	Into Germany.	Into U.S.A.
From U.K. ....	24	33	27
„ France .....	—	15	13
„ Germany .....	15	—	17
„ U.S.A. ....	21	46	—

It is perfectly true (and fortunate) that our sales to France and Germany include coal, and it is also true that the sales of the United States to France and Germany include materials such as cotton, which we cannot supply. The American exports to Germany are so large because of German purchases of raw materials. According to the theory of some of our Protectionist friends exports of materials should be ruled out, inasmuch as they consist of ammunition for the purchasers' guns! Altogether to these three Protectionist countries we send, through our ability to purchase cheaply, more goods than either of them send to each other, save in the case of American exports to Germany, which consist largely of goods we cannot supply.

These facts should do much to dispose of the unfounded idea that by retaliation we could “regain the power of negotiation,” and secure better treatment for British exports in foreign markets. German Protection has signally failed to gain her a single advantage in the French market which we do not possess, while, as we have seen, her new tariff, at present in embryo, has already led to the framing of reprisals against her on the part of her neighbours. Whatever the result of Germany's negotiations for new commercial treaties, we, by reason of

the most-favoured nation clause, shall profit by every advantage secured by Germany in Russia or Austria or secured by Russia or Austria in Germany. Without stirring a finger, without the framing of a single despatch, Free Trade England secures in every market the advantages of every tariff war without expending a single shot or suffering the hardships of a campaign.

## CHAPTER XVI.

### High Wages and Low.

IN May, 1903, Mr. Chamberlain addressed the following letter to a correspondent (Mr. Livesey) on the subject of wages :—

I have the fullest confidence in the working classes, and in their power to realise the great issues which depend upon our present action. I am firmly convinced that the prosperity of this country largely depends on our trade with the Colonies, which under a wise system of mutual concession will increase by leaps and bounds. We have been apt in the past to consider too much the advantage of buying cheaply, and not to pay sufficient attention to the methods by which we may have the means that will enable us to pay at all. Increased wages are even more important to the working classes than reduced cost of living. A working-man in the Transvaal may pay two or three times as much as his comrade at home for the necessities of life for himself and his family, but if his wages are three or four times as much the balance is still in his favour.

It appears from this interesting communication that there are two courses by which the British working-man can increase his wages. The first is to emigrate to the Transvaal, and the second is to stop at home and vote for Mr. Chamberlain's Zollverein. The working-man, it appears, has only to do the latter, and our employers will raise wages all round. Nor is a pocketful of money the only thing hinted at by the Colonial Secretary. It was even suggested that those long-deferred old-age pensions might also be achieved by raising the price of bread and meat! The Birmingham Tariff Committee's leaflet (No. 3, First Edition) said: "He (the workman) might prefer to take his compensation (for dearer food, that is) in the shape of old-age pensions." In later editions of the leaflet this sentence has been struck out!

The subject of wages—the reward of labour—has engaged the attention of many celebrated economists, who have not entirely agreed concerning it. One point, however, is perfectly clear, and may be appropriately treated in a work of this compass. It is the distinction which exists between nominal and real wages, a distinction which is absolutely ignored in Mr. Chamberlain's letter to Mr. Livesey. Nominal wages are the money wages, or actual coins or other currency which a man receives from his employer. Real wages are the goods which can be bought with the money wages. We are so habituated to the use of money in everyday transactions and to talking of money when we mean wealth that the important distinction referred to is often lost sight of. It is not out of place, therefore, to

point out that a man does not work for money, to acquire so many coins with the King's head on them, but to obtain comforts and conveniences for himself and his family. Food, clothes, housing, perchance luxuries and amusements—these are the real wages for which a man labours. This simple truth understood, it is realised that money wages are no clue to the happiness or comfort of the man who receives them. The all-important consideration is, what can the coins be exchanged for when the man or his wife goes to market? How much bread, how much meat will the money command? Is bread cheaper?—then the wages have risen. Is meat dearer?—then the wages have fallen. The purchasing power of the sovereign is everything—the sovereign itself is but a piece of gold, and the uses of gold are exceedingly limited.

The important part free imports play in the matter of wages will be apparent from the consideration that the amount of wealth within a country, the product of labour—the fund from which alone wages can be drawn—can be materially increased by judicious exchange with the people of other nations. Therein lies the function of export trade. We export to gain imports of greater utility or cheapness than the goods we part with. If we construct an engine and export it, we gain the means under Free Trade of importing in exchange the best value the world has to offer. In a Protectionist country the exporter gains his credit, receives his bill of exchange, but the State fines him if he goes to a foreign land to obtain the value he has earned by his export.

The folly of this will be apparent from the consideration that ultimately a workman can only be paid out of the product of his labour, *or of what can be exchanged for the product of his labour*. Every hindrance placed by the State upon exchange, whether within the country or without it, is something done towards the lowering of real wages by the reduction of the stock of commodities from which the wages are drawn. Thus to discourage imports of foreign corn by a duty is simply to reduce the stock of food in the country, to raise the price by at least the amount

#### THE FALL IN PRICES.

Group of Articles.	Prices in 1871.	Prices in 1902.	Average prices of the ten years from 1892 to 1901.
Coal and Metals.....	100	114·9 per cent.	101·0 per cent.
Textiles (raw materials) .....	100	65·0 „	62·3 „
Food and Drink—			
I. Corn, &c. ....	100	63·7 „	65·1 „
II. Meat, fish, and dairy produce..	100	94·4 „	88·2 „
III. Sugar, Tea, &c. ....	100	46·1 „	56·6 „
Miscellaneous .....	100	69·2 „	66·8 „
All Groups .....	100	78·8 per cent.	75·8 per cent.

of the duty, and, consequently, to reduce real wages by reducing the purchasing power of the money wages. Under Free Trade we have seen wages increased not merely by the raising of money wages, although that has been enormous, but by the wonderful cheapening of most articles of food and comfort. Further light



upon this important question of the fall of prices is given by the table on page 67, in which the prices of 1871 are represented by 100, and present prices expressed in percentages of those of 1871. The calculations are those made by the Board of Trade.

*In simple language, the commodities which could be bought in 1871 for £100 would now cost £78. 16s.*

The bearing of this upon the fiscal issue is obvious. The wonderful increase in the purchasing power of money, largely, but not, of course, wholly, due to Free Trade, has meant a large increase in *real wages*, which are not money but *what money will buy*. *To put it in another way, a man who in 1902 earns £78. 16s. per annum is as well off, apart from rent, as a man who earned £100 per annum in 1871.*

It may be of assistance in considering this important subject if we picture a small community of a hundred people living upon an island. They work at various occupations and employing themselves upon the natural resources of the island, produce wealth which, by exchange with each other, they use to the best possible advantage. One man tills the soil, another takes to fishing or hunting, a third fashions habitations or furniture. Each individual's "wages" are what he himself produces or what he can obtain by exchange for his production. The wages (real wages, not money) of the islanders are seen clearly to be the products of their labour, or what they can exchange for those products with their fellows. The value of the exchanges possible to them, however, is restricted by the fact that each islander has but 99 other people to barter with, and by the natural limitations of the island itself.

Now let us imagine that one of the islanders constructs a boat, and makes his way to another land. He finds there many products and articles which are not produced at home, and many others which, although produced at home, are not there produced so well or so plentifully. He returns home and reports his discovery. Immediately it occurs to the islanders that a new means of exchange is open to them. They load the boat with their products, and our adventurous islander (become a commission merchant) takes them to the foreign country. The island has *exported*. What for? To get better value in exchange. Arrived at his destination the islander barter his boat load for the largest amount of goods he can get in exchange. He returns, the boat is unloaded, and the islanders have *imported*. Their wages—the reward of their labour—are increased in value by the fact that a new means of exchange has been opened to them. No longer compelled to enjoy only what they themselves can make, or what they can exchange with their fellows, they have now a channel by means of which their labour becomes far more useful. Some of them, finding that in the foreign land certain articles they were wont to make are produced in a much better way, turn, like sensible men, to other handicrafts. The goods which the boat brings to the island are found to increase the islander's comforts, which is to say increase their wages. If they denied themselves exchange, their comforts would decline, which is to say that their wages, the reward of their labour, would decline.

The fact that these islands have 42,000,000 inhabitants instead of 100 does



not alter the argument. Ships are continually leaving these shores taking goods to places oversea. They return with other goods. The more plentiful the return, the better for us, the greater the value of the reward of our labour. The exports, the goods that go out, are lost to the island. The imports, the goods that come in, are gain to the island.

But to put aside the question of real wages, and merely to consider the actual coins which a man receives in payment for his services, it is the simplest thing in the world to show that Mr. Chamberlain is throwing dust in the eyes of British working-men. Has Mr. Chamberlain forgotten that under Free Trade the wages of the British agricultural labourer have greatly risen in the last 40 or 50 years? When we turn to the Protected countries of Europe and compare continental wages with those paid here, we find that the British working-man is paid better all round. Take one or two typical instances. A British ironfounder gets about 38s. to 40s. per week. In protected France he gets only 26s. per week, and in protected Germany about 25s. to 28s. In the United States, it is true, an ironfounder sometimes earns 80s., but America is a quite exceptional case, and if it is claimed that Protection is the root cause of high wages in America, one is constrained to ask if it is also the cause of low wages in France, Germany, Belgium, and Italy. The wages of carpenters, to take another concrete instance, work out at about 4d. to 6d. per hour, or say 20s. to 30s. per week, in France. In Germany the State railways pay carpenters about 25s. per week. How would a British carpenter like similar pay?

Sir John Brunner, the well-known chemical manufacturer, gives, as a contribution to the materials for our study, some interesting facts as to the wages paid in his own trade. Sir John is a manufacturer of alkali, by what is called the ammonia process, a raw material in the manufacture of soap, of glass, and of paper, and the total make of alkali by this process in the world is over a million tons a year. The average daily wage paid to the workmen employed in this trade is in Germany 78 per cent. of the English rate, in France 77 per cent., in Austria 56 per cent., and in Hungary 43 per cent. To earn these wages in Germany, in France, in Austria, and in Hungary the men have to work 12 hours a day, while in England the men work only eight hours a day. Sir John Brunner's firm gives their men a week's holiday annually without stoppage of pay. The German, therefore, has to work 52 weeks 12 hours a day to get 78 per cent. of the wage of the Englishman working 51 weeks eight hours a day; and the others get less in the proportion shown. Facts like these should finally dispose of the absurd contention that the taxation of food produces high wages.

## CHAPTER XVII.

### A Summary and Conclusion.

WE have now traversed the whole field of our commerce, and are in a position to draw some broad conclusions from an examination of the facts.

As to our imports (£528,000,000 in value, c.i.f.) we have seen that they chiefly consist of food, raw materials, and articles which, although more or less manufactured, are materials used in British industry. Our importations are made, not to please the foreigner or Colonist, and not at foreign or Colonial dictation, but for our own use and benefit and of our own free will.

As to the means by which we come by the imports which enrich us, we have seen that as to £349,239,000 (value f.o.b.) we pay for them by the exportation of goods, (£283,424,000 being British produce, and £65,815,000 foreign and Colonial produce again exported,) and that as to a further value of about £227,000,000 we render shipping, insurance, and other services, leaving a balance of exports of about £47,000,000 which goes to swell our foreign investments and bring back further interest (*i.e.*, *imports*) in the future.

As to our importations of food, we have seen that no less than four-fifths is derived from foreign countries, and that to give a preference to Colonial food would raise the price of bread and meat in this country to confer but a fractional and unequal benefit upon our Colonies.

As to our importations of raw materials, we have seen that in view of the fact that Canada sends us far more food than any other Colony, while South Africa does not export food at all, we should be compelled, if we taxed food, to tax materials also in the attempt to favour our Colonies equally. Two-thirds of our materials are drawn from foreign lands, and the inability of our Colonies to make substitution for foreign supplies is shown by the fact that they themselves buy large quantities of materials from foreigners.

As to the present distribution of our commerce, we have seen that four-fifths of our import trade, and two-thirds of our export trade, are transacted with foreign nations. A preferential tariff would therefore strike at the greater part of our commerce, to its certain diminution.

As to our trade with British possessions, we have seen that it is equally divided between our self-governing Colonies and the remainder of the Empire. As "ties of interest" are only suggested for the former, we see that a scheme of preferential trading ignores those parts of the Empire which we really rule, as to which we have direct responsibility, and with which our trade is at present conducted on Free Trade lines.

As to the possible gain in Colonial markets through preferential tariffs, we

have seen that the margin open to us in practice is exceedingly small, and that even with an effective preference we could at most hope to gain but a few million pounds worth of trade, Colonial imports from foreign countries chiefly consisting of goods we cannot supply. In view of the Protectionist leanings of our Colonies, however, a really effective Preference is almost out of the question.

As to the special case of the United States of America, we have seen that the taxation of food to benefit our Colonies would be an act directly aimed at that country, for the greater part of our foreign food imports are purchased in the American market.

As to the population of the British Empire, we have seen that our Colonies have but small populations, all the white men numbering but some 11,000,000 people, or, say, 3,000,000 families. On this account alone a bargain as to preferential trade must be unequal in terms.

As to the fear of "dumping" (or sales of cheap foreign surplus stock) in this country, we have seen that the true view is that we are well advised not to shut out cheap materials, but, on the other hand, to welcome them.

As to our maritime interests, we have seen that the prosperity of our carrying trade is bound up with free exports and free imports, and that to risk the loss of our shipping is to risk our position as a world power, for our Empire rests upon the command of the sea.

As to retaliation, we have seen that our Free Trade system gives us practically every tariff advantage enjoyed by every foreign nation without the trouble of negotiation, or the risk of tariff war.

As to the question of wages, we have seen that the only possible way to increase the true wages of our population is to decrease the price of commodities, wages being not the money which a man receives, but the food and comforts which he can buy with his money.

The reader may have observed that, so far, I have been careful to consider our commerce as it is transacted to-day without much reference to the figures of the past, and without attempting to draw comparisons between it and that of other nations. In short, we have been minding our own business, and drawing up our own accounts without troubling ourselves as to the prosperity or adversity of others. That I believe to be a method presenting great advantages. We are not Germans, and we are not Americans, nor do we wish to be. We must "dree our weird" here in our own country, and all the calculations in the world will not place at our disposal the resources of the United States, nor, we may thank Heaven! give us land frontiers in Central Europe, with Russia over the border, conveniently placed for the merchant—or the soldier.

But since so much is talked about America and Germany, I turn aside from the consideration of our own affairs, to point out that nothing is more misleading than to represent that Protection is responsible for the measure of success that has been achieved by either nation. For since when has Germany progressed? Since



she abolished the stupid 30 or 40 tariff systems—a sort of Protectionist Paradise—which existed within the confines of what is now the German Empire. Free Trade now rules over 211,000 square miles of German territory. Yet at one time the Bavarian would have told you that only duties saved his work from the hated Prussian. The duties have gone, and free competition has not ruined either Bavaria or Prussia. Taking internal Free Trade into account, and remembering also that Germany has a magnificent system of secondary and technical schools, that she has internal waterways far better than ours, and a population of 60 millions against our 42 millions—what is left in her progress to attribute to the barrier she still retains against certain foreign products? Nay, when we see German materials sold to Belgians, to Americans, and to ourselves—“dumped,” as the cant term has it—at prices lower than they are sold to German buyers, and when we know that Germans have been fleeced of millions to give us cheap sugar, may we not feel that, but for the stupidity of statesmen, Germany might and should by this time have attained to wealth more nearly approaching our own. As a distinguished German economist recently remarked: “The Germans are as yet no match for the British from a commercial point of view.”

As recently as November 13th, 1896, Mr. Chamberlain could see quite clearly that craven fear of German competition was ludicrous. In his trenchant way he remarked:—

What is the charge made against British industry? Germany is the country which we are to fear. (Laughter.) Germany is the country which is to undermine our industry, and which has made this astonishing progress. Germany, we are told, is making inroads upon our trade, as the sea encroaches upon our shores. (Laughter.) Well, I am not certain that the sea does encroach upon our shores. (Laughter.) But I would prefer to reply to charges of this kind by facts and figures, rather than by rhetorical argument. Let us look, then, at the course of trade as between Germany and this country, and when we do so I think we shall find that although there is reason for watchfulness, there is no reason at all for despairing, and there is hardly reason for serious alarm—certainly nothing of a kind which would make Mr. Chantrell's hair stand up on end. (Loud laughter.) While it is most important that this question should have your careful and continuous attention, there is no reason whatever for putting forward alarmist views of our position, which are greedily accepted abroad, and which lead our foreign friends and competitors to take altogether an erroneous view of the commercial power and the commercial influence of Great Britain. (Loud cheers.)

It is as true to-day as it was on November 13th, 1896—only seven years ago—that to shout upon the housetops that British trade is decaying is to encourage our enemies and competitors, and to bring about such a loss of commercial prestige as must prejudicially effect our traders in every part of the world. Pity it is that blind adherence to that ancient shibboleth, Protection, should lead men to misrepresent the trade statistics of their own country, and to forget that just as “nothing succeeds like success,” nothing leads to failure so much as want of confidence in one's own ability.

And if America be quoted, what a magnificent example of Free Trade principles is there. Forty-five states, each countries of considerable size, with no Customs barriers against each other, thriving and prospering by virtue of Free Trade; 80 million people dividing between them the magnificent resources of the most favoured part of the New World! How useless and misleading it is to make comparisons between such a land and these little islands in the North Sea. How little short of wicked it is to tell the British workman that a Customs duty can make



England resemble America, as though Protection could stretch our borders across the Atlantic, give us prairie and forest and mine, and change us from one of the smallest to one of the largest countries in the world. Nothing we can do can hinder American progress; nothing we can do can prevent the United States from having a larger output than ourselves in every department of industry. If the reader is content for his country to be prosperous, he need not fear America, for the United States cannot rob us of prosperity. If he is not content with prosperity, but imagines that 40,000,000 Britons and their heirs can for ever be industrially and commercially supreme over 80,000,000 Americans and their heirs, he is foredoomed to disappointment, for neither Free Trade nor Protection can do anything for him.

As for our own progress under Free Trade, it has been of a most satisfactory character. The following table gives both import and export figures since 1851 :—

**BRITISH COMMERCE, 1851-1902.**—In millions of £.

Average of Quinquennial Periods.	Imports. (Values include cost of freight and insurance.)	Exports of British Produce. Ships excluded. (Values are exclusive of freight and insurance.)
1851-1855	147·9*	88·9
1856-1860	182·9	124·2
1861-1865	247·6	144·4
1866-1870	292·7	187·8
1871-1875	359·9	239·5
1876-1880	382·5	201·4
1881-1885	399·5	232·3
1886-1890	389·6	236·3
1891-1895	417·7	227·0
1896-1900	474·2	249·1
In the year 1901	521·9	270·8
In the year 1902	528·8	277·6
In the six months January to June, 1903 }	260·5	140·2

Such is the brilliant record of our commerce. Looking at these figures one can only wonder at and deplore the folly of men who would tamper with the fiscal system under which such results have been achieved. There is not even the excuse that alarm has been occasioned by a present falling off in over-sea trade. In the past six months while our imports were, taking everything into consideration, as satisfactory as those of the past few years, our exports of manufactured articles constituted a record. It comes to this, then, that at the very period British commerce has beaten all records it is suggested that our trade is in dire danger and distress, and that only a tax on imports can save it!

Moreover, the omission of ships from the table (omitted because no official account was taken of their values before 1899) should not be forgotten. As our sales of ships have increased the omission tells against the growth of the figures.

And this is to say nothing of the great fall in prices which has occurred contemporaneously with the growth of our exports in value. The point is a most

\* Average of 1854-5. The real value of imports was not stated before 1854.

important one, and is consistently ignored by Protectionist writers. It is of great interest to note what the value of our exports at the present time would be if prices were at the level of the great "boom" period, 1870-1874, particularly in view of the fact that so many latter-day writings on fiscal policy make so much play with those wonderful years, when we profited by the misfortunes of our then chief competitors, France and Germany. Take iron and steel for example :—

**AVERAGE VALUES OF BRITISH IRON AND STEEL EXPORTS—1873-1900.**

	1873.	1900.
	£	£
Pig Iron ..... per ton	6	4
Bar, Angle, Bolt, and Rod ..	13	9
Tinned Plates .....	32	14
Railroad of all kinds ....	13	7

The reader will gather from these representative figures how fallacious it is to compare the values of the seventies with those which rule at the opening of the twentieth century. The following is an estimation (by the Board of Trade) of the values of our imports and exports in recent years, calculated at the prices which ruled in 1873.

Year.	Imports.	Exports (of British Goods.)
	£	£
At prices 1873	371,000,000	255,000,000
of 1883	526,000,000	295,000,000
1893	611,000,000	329,000,000
1873 1902	797,000,000	418,000,000

The fact is that while the *values* of our exports have fluctuated considerably in a generation, the quantity of trade has been always expanding. In 1902 our exports were actually twice as great as those of the average of the boom period, 1870-1874.

So satisfactory, indeed, are the records of British exports and imports that attempts are made to create alarm by showing that German and American trade is expanding at a greater rate than our own. That undoubted fact need not trouble us. Everyone knows how easy it is to make large increases in a small business, and how difficult it is, on the other hand, to increase by leaps and bounds the turnover of an old-established business. Twenty years ago the exports of manufactures from the United States were valued at about £25,000,000. They are now about £85,000,000. In the time to come, when the United States exports of manufactures reach the extraordinary figure of about £220,000,000 which we have attained, American exporters will find it as difficult as we do to make more than a normal rate of progress. But, as I have already indicated, I do not consider the point worth discussion. Comparisons between countries which utterly differ in area, race, population, natural products, climate, &c., are as stupid as unworthy. The prosperous man who does not believe himself rich unless he is quite sure he is doing better than all his neighbours is beneath contempt. Let us return to the

consideration of that which chiefly concerns us—our own progress.

Most people are aware that as our population has increased the number of our paupers and criminals has decreased. In the last 30 years while our population has increased by 10,500,000 souls, our paupers have decreased by 260,000, and our criminals by 4,000. The conclusion is forced upon us that our industries have found employment for our increasing population, while our ever-growing consumption per head of bread, meat, tea, sugar, and tobacco points to the improved condition of the great masses of our people :—

**QUANTITIES OF THE FOLLOWING IMPORTED AND EXCISABLE ARTICLES  
RETAINED FOR HOME CONSUMPTION IN 1871, 1881, 1891, and 1901.**

(Per Head of the Total Population of the United Kingdom, calculated by the Board of Trade.)

Article.		1871	1881	1891	1901
Bacon and Ham.....	lbs.	3·38	13·92	13·16	19·87
Beef .....	lbs.	—	—	15·21	21·96
Butter and Margarine ....	lbs.	4·69	6·35	9·77	12·40
Cheese .....	lbs.	4·25	5·77	5·85	6·82
Eggs .....	no.	12·75	21·63	33·67	49·25
Potatoes .....	lbs.	3·03	12·84	9·34	18·53
Rice .....	lbs.	7·47	16·31	8·85	11·43
Cocoa .....	lbs.	0·23	0·31	0·63	1·20
Coffee .....	lbs.	0·97	0·89	0·76	0·76
Tea .....	lbs.	3·92	4·58	5·35	6·16
Wheat and Flour .....	lbs.	150·63	216·79	243·99	247·08
Sugar .....	lbs.	46·80	67·33	80·15	88·99
Tobacco .....	lbs.	1·36	1·41	1·61	1·89
Currants and Raisins ....	lbs.	4·38	4·34	4·82	4·09
Wine .....	galls	0·51	0·44	0·39	0·37
Spirits (British and Foreign)	galls	1·00	1·08	1·04	1·09
Mutton, Fresh .....	lbs.	—	—	4·91	9·72
Pork, Salted and Fresh ..	lbs.	—	—	0·92	2·76
Beer (British) .....	galls	—	27·78	30·15	30·77

This table, it should be remembered, simply relates to the home consumption of imported and excisable articles. It is eloquent of the improved condition and comfort of the great mass of our population.

Another remarkable test is afforded by the yield of the income tax. The Commissioners of His Majesty's Inland Revenue have made an unsolicited contribution to the Great Inquest of the Nation in their forty-sixth report, just issued. In their observations on the searching subject of the income-tax, so dear to the heart of every British citizen, they say :—

It is satisfactory to us to be able to note that, notwithstanding the high rate of 1s. 3d. in the £, the yield of the tax per penny again shows a substantial advance.

The growth of the yield per penny is indeed remarkable, as the following figures testify :—

**INCOME-TAX YIELD PER PENNY, 1893-1902.**

	£		£
1893 ..	2,240,000	1898 ..	2,188,000
1894 ..	2,191,000	1899 ..	2,284,000
1895 ..	1,982,000	1900 ..	2,353,000
1896 ..	2,033,000	1901 ..	2,475,000
1897 ..	2,099,000	1902 ..	2,570,000

These figures are the more remarkable when it is remembered that during these years the scale of abatements and exemptions was again and again extended. In spite of the increased abatements made in 1899, the yield continued to increase.

The satisfaction of the Commissioners is justifiably increased by a consideration of the cheerful figures relating to the growth of British incomes. They set out the following comparisons :—

**THE GROWTH OF BRITISH INCOMES.**

Years.	Gross incomes brought under review.	Gross income. Schedule D, "Trades and Professions."
1868-69 .....	£398,794,000	£173,054,000
1875-76 .....	544,371,000	271,973,000
1894-95 .....	657,097,000	340,559,000
1901-02 .....	866,993,000	487,731,000

The incomes of trades and professions have trebled in the thirty years during which Protectionists assert that we have "stood still." More extraordinary still, this growth in nominal or money income is increased by the fact that in 1902, as I showed when discussing wages, an income of £78. 16s. buys as much as did an income of £100 a generation ago.

As for the tales that we are selling out foreign investments to pay for imports, they also are disposed of by the income-tax returns. The Commissioners of Inland Revenue tell us in their reports exactly how much profit on foreign investments is assessed to income-tax, and the official reports give us the following figures :—

**INTEREST RECEIVED ON CERTAIN OVERSEA INVESTMENTS.**

	£
1885 .....	34,764,000
1890 .....	52,310,000
1895 .....	53,506,000
1901 .....	60,331,000
1902 .....	62,550,000

It must not be thought that this £62,550,000 is all the interest we receive from abroad in the form of imports of valuable commodities. It takes no account of the large profits earned by persons and companies in this country who own industrial undertakings abroad. Thus, if the reader owned a tea garden in Ceylon his profits therefrom would be declared with his ordinary income, and would not be included under any of the three heads which go to make up the £62,550,000 referred to. It is probable that the actual amount of profits received from abroad is about £100,000,000.

The common-sense tests of our prosperity to which I have alluded, are



supported by an examination of our imports of raw materials used in our industries. The following table is worth examination :—

### IMPORTS OF RAW MATERIALS INTO THE UNITED KINGDOM, 1887 AND 1902.

*Allowance is made for re-exports. The figures shown are for home consumption only.*

		1887	1902
Bristles .....	lbs.	2,397,000	2,892,000
India-rubber .....	cwts.	121,000	128,000
Cotton (Raw) .....	cwts.	13,382,000	13,764,000
Gutta-percha .....	cwts.	15,000	74,000
Hides, (Dry and Wet) .....	cwts.	662,000	659,000
Leather .....	cwts.	594,000	1,055,000
Linen Yarn .....	lbs.	14,124,000	28,082,000
Copper .....	tons	175,000	224,000
Iron (Ore) .....	tons	3,759,000	6,426,000
Lead, (Ore, Pig, and Sheet) .....	tons	126,000	209,000
Tin (Ore) .....	tons	1,400	9,000
Tin (Crude) .....	cwts.	280,000	244,000
Zinc (Ore) .....	tons	17,000	33,000
Zinc (Crude) .....	tons	57,000	87,700
Mica and Talc (1st figure that of 1895) .....	cwts.	14,000	123,000
Cotton Seeds .....	tons	276,000	549,700
Rape Seeds .....	qrs.	361,000	191,000
Linseed .....	qrs.	2,223,000	1,671,000
Palm Oil .....	cwts.	451,000	666,000
Cocoon Oil .....	cwts.	97,000	350,000
Seed Oil .....	tons	13,000	32,000
Turpentine .....	cwts.	344,000	510,000
Papermaking Materials (all kinds) .....	tons	340,000	729,000
Paper (Unprinted, including Pulp Boards) .....	cwts.	1,692,000	6,187,000
Pyrites of Iron and Copper .....	tons	597,000	610,950
Silk (Knubs or Waste) .....	cwts.	59,000	50,000
Silk (Raw) .....	lbs.	2,372,000	1,101,000
Silk (Thrown or Spun) .....	lbs.	396,000	710,000
Skins (Goat, Seal, and Sheep or Lamb) .....	No.	8,468,000	11,656,000
Furs .....	No.	9,915,000	23,266,000
Stone and Marble .....	tons	373,000	1,167,000
Slates (1st figure that of 1895) .....	No.	15,686,000	48,300,000
Wood and Timber .....	loads	5,654,000	9,566,000
Furniture Woods .....	tons	95,000	258,000
House Frames, Fittings, &c. ....	value	£488,000	£959,000
Wool and Hair .....	lbs.	280,248,000	387,871,000

It will be generally agreed that this is, on the whole, a very satisfactory statement. The figures as to silk will surprise few people, and for the rest the only decline in the list is in hides. We are to-day importing about the same quantity of hides as in 1887, but, on the other hand, are purchasing nearly twice as much leather. Our tanning industry has remained stationary, while our manufacture of articles made of imported leather has increased by leaps and bounds. This is a striking example of the finished product of one trade forming the raw material of another. So it is with paper, the raw material of books and newspapers. It will be seen that our imports of paper have increased in 15 years from 1,692,000 cwts. to 6,187,000 cwts., yet our purchases of materials for the manufacture of paper have also grown rapidly.

Our increased importations of the crude metals are exceedingly satisfactory,

but in connection with iron ore the shrinkage of our native supplies should not be overlooked. The growth of our imports of wood and timber is very striking, and furniture woods have made a considerable advance. I have inserted the particulars as to house frames, &c., not because of their intrinsic importance, but to point the moral that contemporaneously with the growth of imports of woodwork we have purchased an ever-increasing quantity of wood and timber. The table as a whole conclusively proves that there is far more work being done in the United Kingdom to-day than a generation or even 15 years ago, in spite of the comparatively slow growth of our exports of manufactures. That we should be making more articles for home use than for the use of the foreigner is great gain, for, as we have seen, the only excuse for exportation, or parting with value, is to receive value in exchange, and it is clear that we are doing sufficient export trade and rendering enough transport, insurance, and other service to secure the command of the food and other products we bring from over-sea.

Further proof as to the growth of our internal trade is afforded by the amount of goods traffic transacted by our railways. In the short period of 10 years, 1891 to 1900, the receipts from goods traffic increased from £42,200,000 to £53,500,000, a growth of 25 per cent. in a decade! Another conclusive test is afforded by the Bankers' Clearing House Returns. In 1892 the cheques cleared at the London Clearing House amounted to £6,481,000,000. In 1902 this pretty figure had grown to £10,028,000,000. Mr. J. Herbert Tritton, the hon. secretary of the London Clearing Bankers, in his report says: "The total of £10,028,000,000 is the largest amount passed through in any one year, and exceeds the total of 1901 (which was hitherto the record year) by £467,573,000."

In face of such overwhelming evidence as to the prosperity of our industries, our internal trade, our external trade, and our shipping, Mr. Chamberlain's attempts to alarm us are futile. As for his appeals to Imperial sentiment they are hardly assisted by the suggestion that "ties of interest" can be fashioned to bind the Empire together. In the days when we believed in "ties of interest" we lost the American Colonies. Those who are so anxious that we should embark on a scheme of preferential trading are strangely silent as to our former disastrous experience of a combination of Protection with differential duties in favour of Colonial products. It is not a policy of Mr. Chamberlain's that we are discussing, but a proposal that we should give another trial to a system which injured our commerce in former days, which was weighed in the balance and found wanting. In the year 1840 a Select Committee was appointed to consider the subject of our fiscal policy. In the words of their Report, it was appointed "to inquire into the several duties levied on imports into the United Kingdom, and how far those duties are for Protection to similar articles the produce or manufacture of this country or of the British possessions abroad, or whether the duties are for the purposes of revenue alone." The Committee collected much valuable evidence, and after carefully considering the whole subject in detail, condemned Protection root and branch. Their Report bears so directly upon the present discussion that the

In interest :—

compatible ends; the duties are sometimes meant to be both protective objects, which are frequently inconsistent with each other, leading to the complete exclusion of foreign produce, and in so doing, and sometimes when the duty is inordinately high, the consequence trifling. They do not make the receipt of the revenue flow that primary object of fiscal regulations to be thwarted by a variety of particular interests at the expense of the revenue of other countries. . . . The same principle of preference is applied to discriminating duties to the produce of our Colonies by which the Colonies are to the Colonial interests at the expense of the mother-country. . . . The produce is, in some instances, excluded, and in others checked by high duties for the protection of British Colonial interests. . . . The British Colonial sugars has so enormously raised the prices in our market that the foreign sugars lately come into consumption, though charged with a duty of 63s. per cwt., while our plantation sugars pay only 24s.

Another inconvenience which the differential duties create is that they offer a premium for evading the intention of the legislature. Foreign coffees are charged 1s. 3d. per pound, while Colonial coffees only 6d., while coffees imported from the Cape of Good Hope pay 9d. Now, as the cost of sending coffee from foreign countries to the Cape is only from a halfpenny to a penny per pound, very large quantities are shipped from the Brazils and Hayti to the Cape, and then re-shipped to England. The English consumer thus pays the increased duty and the difference of freight, and the foreign coffee is not excluded from the British market.

Speaking of the action of high and Protective duties, the Report says :—

These impose upon the consumer a tax equal to the amount of the duties levied upon the foreign article, whilst it also increases the price of all the competing home-produced articles to the same amount as the duty, but that increased price goes, not to the Treasury, but to the protected manufacturer.

Such was the result of the great “inquiry” of 1840 into the working and results of that ancient shibboleth, Protection.

Since the days of that inquiry, grown wiser, we have allowed our Colonies to fashion their own destinies in freedom, and as a result the Empire as a whole has gone from strength to strength. There are but two statesmen in the British Empire who declare that British loyalty has a price. One is the enterprising Premier of New Zealand, who declares that if we do not “prefer” his mutton he will deal elsewhere! The other is Mr. Chamberlain, who has made the following declarations :—

(1) “A system of preferential tariffs is the only system by which the Empire can be kept together.” (Speech at the Constitutional Club, June 26th, 1903.)

(2) If you are to give a Preference to the Colonies . . . you must put a tax on food.” (Speech in the House of Commons, May 28th, 1903.)

From this it follows that, in Mr. Chamberlain’s opinion, the *only way by which the Empire can be kept together is to place a tax on food.*

In the 60 years since Sir Robert Peel repealed the Corn Laws, the United Kingdom and the Britains beyond the seas have “kept together” and prospered. There is but one danger ahead, and with that we are threatened by Mr. Chamberlain himself. It is the danger that lies in a substitution for freedom and for a union of hearts of an appeal to the pocket. Our Colonies are not to cleave to us for the same reason that Briton stands by Briton in the United Kingdom, but, forsooth, because they can get something out of us. On the other hand, the affection of the British people for our Colonies is to be weakened by the knowledge that there is less bread to eat because of the possession of Empire! If we have the supreme folly to make Imperial sentiment a matter of the pocket, if







UNIVERSITY OF CALIFORNIA LIBRARY  
Los Angeles

This book is DUE on the last date stamped below.

RECEIVED

NOV 23 1959

PM

10

A

Form L9-25m-9,'47 (A5618) 444

UNIVERSITY OF CALIFORNIA  
AT  
LOS ANGELES  
LIBRARY

UC SOUTHERN REGIONAL LIBRARY FACILITY



AA 001 008 613 0

